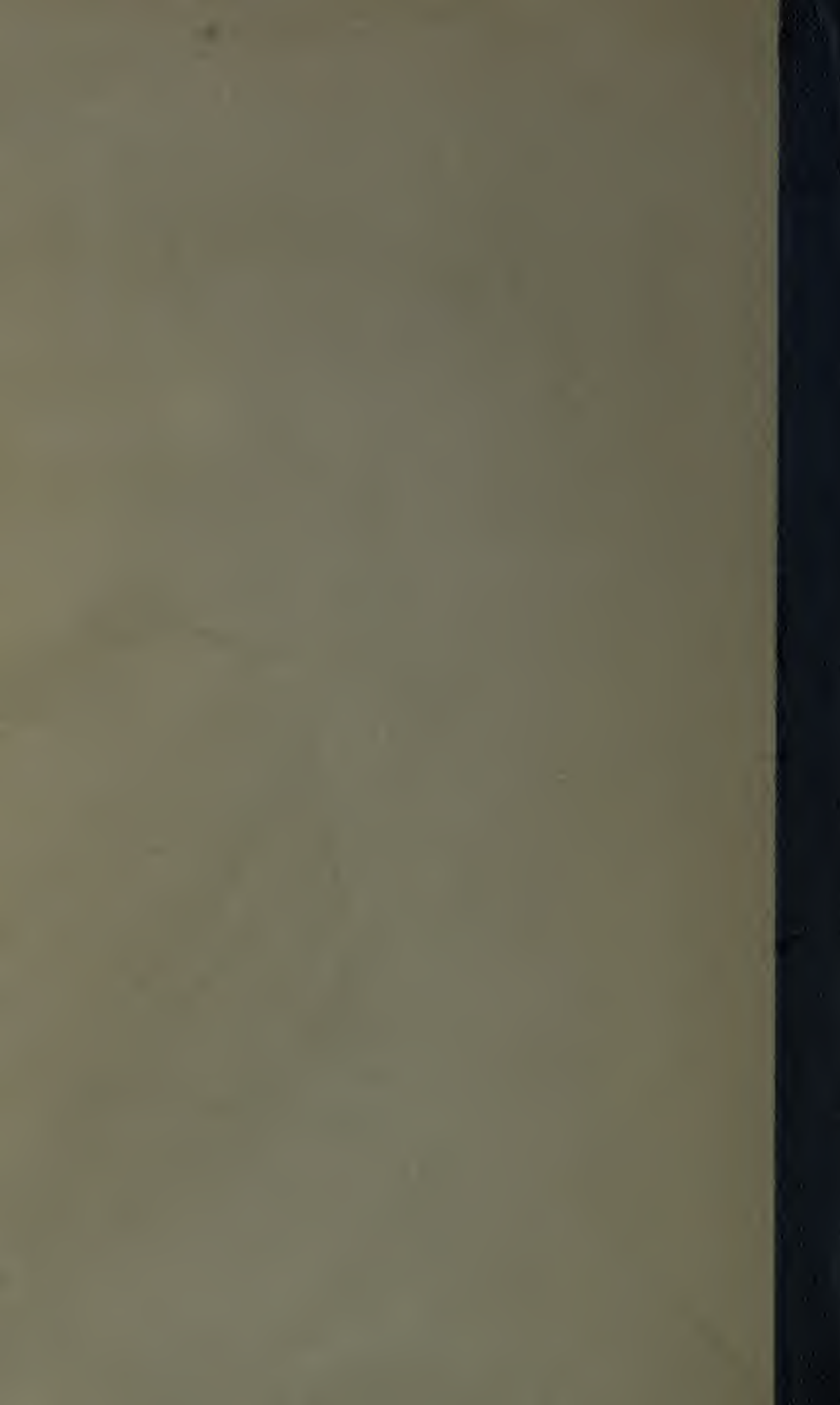
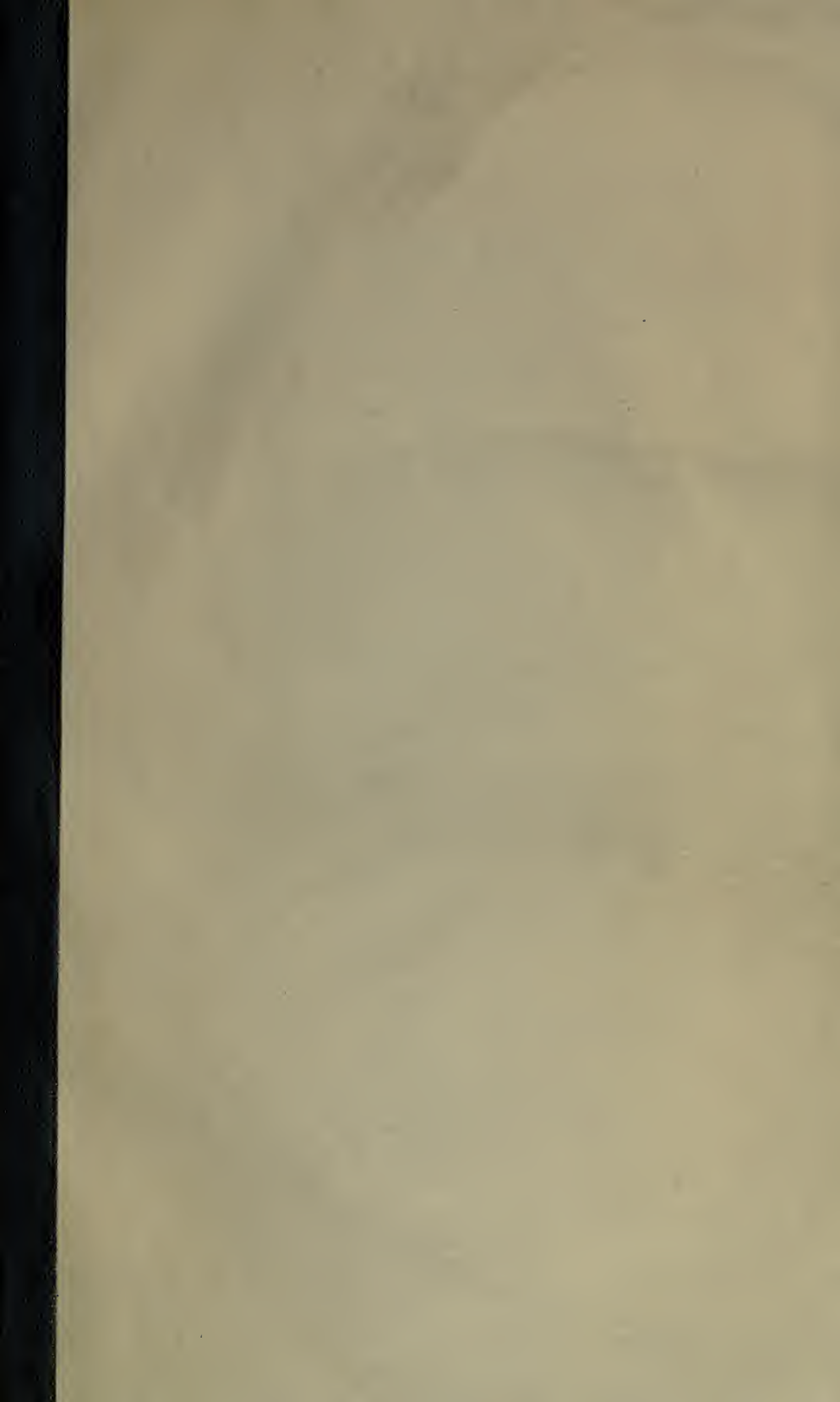


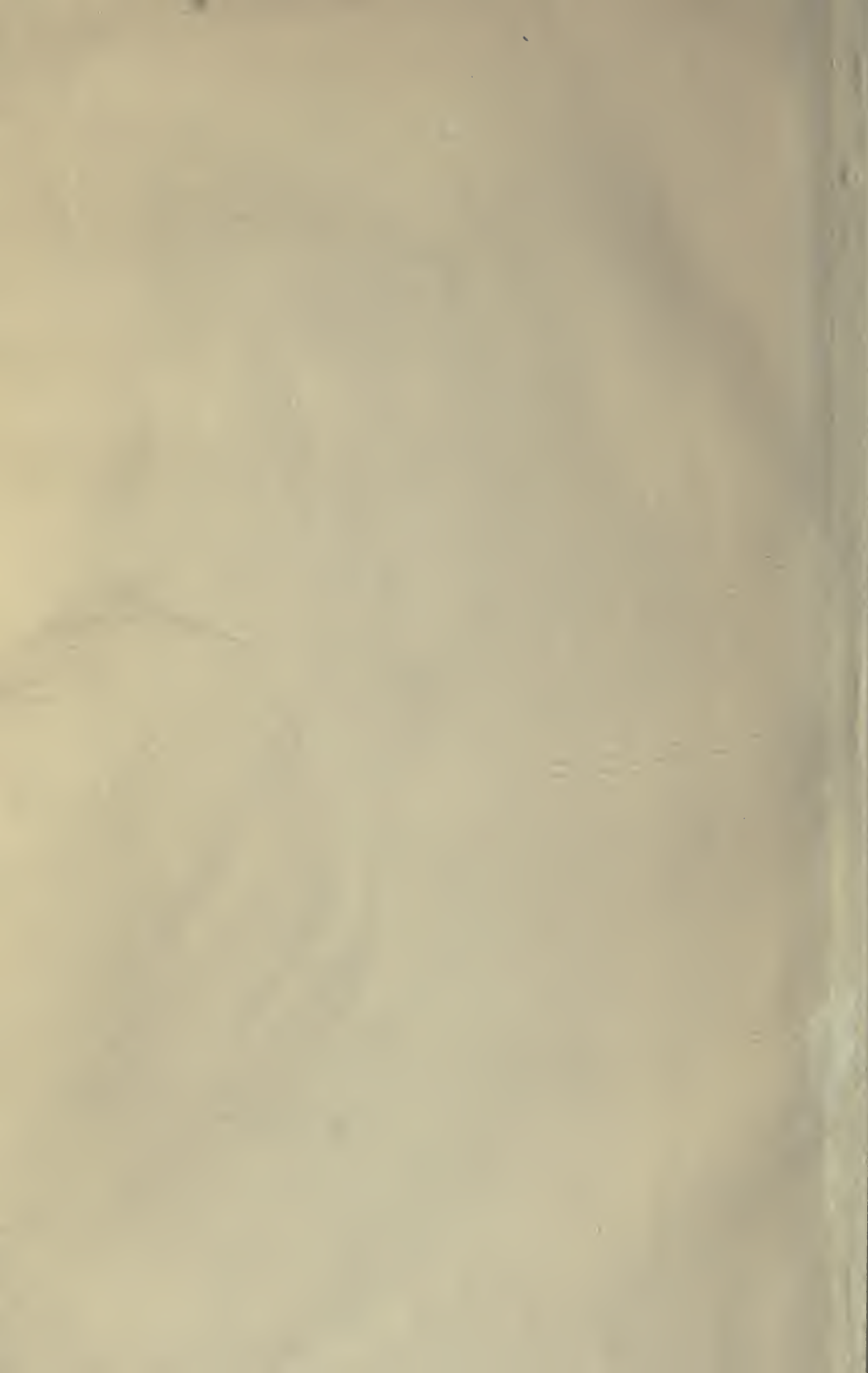
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*For. The Right Honble Lord Westbury*

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*from the author*

# CREDIT PERNICIOUS.

BY

ARCHIBALD ROSSER.

SECOND EDITION.

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## PREFACE TO THE SECOND EDITION.

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AFTER a lapse of ten years this pamphlet is again presented to the public, and without alteration. In an appendix will be found the notices with which it has been favored by the press. From these it will be seen that, although the remedy proposed is almost universally condemned, the evil to be remedied is universally acknowledged, and is recognised in all its magnitude.

The condemnation of the remedy has arisen, probably, in a great degree, from a supposition of its impracticability. "It is impossible," some will say, "that the public shall be brought to a ready money system." But the word "impossible," has, though once a short objection to almost every great and novel attempt in science or art, in speaking of projects not altogether contrary to the nature of things now much fallen into disuse. It has, during the last half of a century, become more and more faint in the vocabulary, till it is at length scarcely legible.



Not many years have elapsed since, to rule the unfortunate inmates of our lunatic asylums, without the aid of stripes and chains, was deemed impossible. A few strong and benevolent minds overleaped the impossibility, and proved, by the fact, that these poor objects of commiseration might be controled by mere linked firmness and mildness, and punished by nothing more severe than short temporary separation from their fellow sufferers. If the impossibility-men had been listened to, our capital would not have been veined with conduits of gas, and our public ways would have remained cheerless and insecure; the power of steam in baffling the elements at sea, would have been lost to us; and many noble contrivances, producing by their promulgation, others equally beneficial, and teeming with still more, effective to an extent, in all human probability, hardly dreamed of "in our philosophy," would have been utterly thrown away; while their inventors would have been left to pine away in obscurity and in mortification of spirit. Where would have been our steam engine—suspension bridge—hydraulic press—block machine—calculating machine,—if Watt, and Babbage, and Brunel, and Bramah, and Telford, had been impossibility-men? What say the impossibility-men to one well known periodical that sends out 160,000 copies, weekly; thus diffusing, at the cheapest rate, and to an immense extent, useful knowledge among the



people?—what to the journals that supply us with the proceedings of a protracted sitting of the House of Commons within two hours after its close? Let them examine all that is now done in surgery, in optics, in astronomy, in exploratory navigation, in means of intercommunication of all kinds, in chemistry,—in short, in all the sciences and arts—and their combinations—and their mutual assistance,—and then let the objectors talk of impossibility.

With these reflections, and considering that his plan is not an impossibility, the author of the pamphlet, even though he should be forced, in deference to a general, though, as he surmises, a somewhat hastily-formed, opinion, to admit that it may be difficult of execution, presumes to pitch his aim as high as he did ten years ago.

This presumption is encouraged by the prospect of a measure about to be proposed, and which he fervently hopes will be carried, abolishing all imprisonment for debt. The measure will distinctly recognise the evil of a credit system in minor transactions, and will be a great approach, perhaps as great as the temper of the times is yet prepared to permit, to the thorough remedy suggested by the pamphlet. It may even be anticipated, as an event not very improbable, that the abolition of imprisonment for

debt will not only remove the evil in matters within the limits mentioned in the pamphlet (and, be it remembered, these limits are put only for instance sake), but also adjust itself as a preventive against the giving and taking of credit unadvisedly to every extent, and under all circumstances. The only objections the author has to the abolition are, that it does not, as a remedial measure, strike deep enough ; and that, though there is no reason to fear its ultimate effects will not be incalculably beneficial, it may, at first, prove a snare to both creditor and debtor. It may leave the one to go on giving credit too freely, trusting to his power to take from the debtor his all (a barbarous power by-the bye, when stated in these words), and induce the other to take credit too freely, under the delusive notion that, his person being secure, he may, by some possible means, which, however, he cannot very well define, withdraw his property from seizure. Again, till men are tired of giving and taking credit idly, it may occasion an increase of protracted litigation ; for the fact is well known, that very many debts are paid upon arrest, or from fear of it, that would not otherwise be paid until the action had run its ruinous course. Upon the whole, however, and looking to the general and ultimate operation of the measure, it ought to be strongly supported.

There is a passage in one of the notices in the

appendix which deserves great attention. It runs thus: "Many inexperienced and well-meaning beginners in housekeeping, with incomes quite sufficient for every reasonable wish or legitimate necessity, are entrapped gradually into expenses beyond their means by the facility of obtaining credit. New wants, bad habits, silly rivalries, are often created and indulged, which would otherwise have been unthought of, and, in a social view, were better suppressed. The means for exciting envy and uncharitableness, pampering self, or exciting other little passions, are easily procured—the day of payment is distant. Thus bad proceeds to worse, the freeman slips gradually into bonds, and the silken meshes of the spider-web of credit at last close, in inextricable folds, on the fluttering victim." These remarks, which are lamentably true, afford matter for deep reflection, and might be advantageously dilated on. If we look at papers appended to the report of the committee of the House of Commons on manufactures, commerce, and shipping, made last year, we shall find that most of the cases of distress there mentioned, were occasioned by over-living. When men talk of being distressed, as tradesmen will generally complain they are, more or less, at the present day, it is fair to inquire what they mean by distress. If the real truth of every case were known, it is not greatly improbable we should find that distress very



frequently means a difficulty of gratifying false wants, created during speculative times, when money was made by chance and not by mere skill in trade, and industry. Some lost and were ruined unheeded. Others acquired wealth and lived luxuriously and above their stations. This brought on the silly rivalries spoken of in the passage above quoted, and induced a general habit of extravagance, much fostered by the credit system, and now no longer supportable. The author is old enough to remember when persons in retail trade kept early hours, attended to their business themselves, were seldom absent from it, entertained moderately and rarely, were content with unexpensive recreations, and were comparatively happy. Subsequently, however, men of precisely the same standing, have given late entertainments, choice and various viands and wines have covered their boards, the apron has been discarded, and handed over to a deputy, the country-house and the gig have been indispensable, any day could be set aside for pleasure, and they have become anxious, discontented, unhappy,—and, as they must return to their frugal habits, distressed. If this is not a true picture of what has been in general happening, it is certainly true as to particular cases which have been observed.

Abolition of imprisonment for debt, with the plan suggested by the Spectator (see Appendix),

of very much diminishing the period at the end of which simple contract debts expire if not kept alive by suit or fresh promise, and the allowing of interest on all such debts, would go nearly the whole length desired.

The author did intend to examine and endeavour to refute the particular objections to the remedy proposed, contained in the appendix, one by one, and at large; but he thinks he has anticipated them, and that the attentive reader of the pamphlet, who has first discharged from his mind the overwhelming idea of impossibility, will be able to answer them satisfactorily for himself. They are not all to be easily seized and defined, and not one of them has convinced the author that he is in error. It would be tedious to repeat that he does not profess to be able, alone, to point out in what cases credit should be altogether forbidden, and in what cases permitted under modification. In some places, he is told, debts, such as for board and schooling, which are growing due from day to day, are paid for by anticipation. To settle these things would be the business of a body of practical men. He may be wrong, and though he remains unconvinced, and ventures again to bring forward his views, he is not bold enough to insist that those views are right. He has, however, to express his sense of gratitude for the

kind manner in which his very humble effort has, in general, been received ; and he will add, in justification, if any be needed, of his putting forth a new edition, that he does it at the suggestion of one whose name, if it might be mentioned, would amply authorize the act.

As a member of the legal profession the author desires particularly to render to his professional brethren a tribute of justice. That they are in general enemies of reform in the law he positively denies. To one organ of the expression of their feelings on this subject, that which comes most under his notice—The Legal Observer,—to the pages of that well-conducted periodical he confidently appeals for indisputable evidence that they are the advocates of all well-digested and beneficial alterations in the laws and in the practice relating to the laws. One main object of “Credit Pernicious” was to diminish litigation: coupling that with the fact that, according to the newspapers, in the year ending on the 3rd of November, 1833, no fewer than 88,000 writs were issued out of the three common law courts at Westminster, the public may judge, from the appendix, with how little of ill feeling the essay has been received by the profession. Not a reproach has, to his knowledge, been breathed against the author for his attempt. Taxed as we are, and with our



incomes pared down by recent changes, to an extent not inflicted upon any other class of the community, we have, without a murmur, aided in making amendments. If the professors and practitioners of the law have watched projected changes, it has been with a view to make them most beneficial by making them capable of working well. And who so fit to do this as those who are in the constant habit of witnessing the workings of all legal measures? Not to speak of new measures only, who can so well judge of the errors, the loss of time, the invalidity of legal instruments, and the other numerous evils, arising from, for instance, the Stamp Acts? If some misguided men have made attacks upon the active promoters of law reform, for inadvertences, if such there be, which are likely enough to attend all great changes involving a multitude of new cases and of interests, let it not be supposed that the profession in general approve of these attacks. No: it is confidently asserted that the legal practitioners of the present time have always been ready to afford their assistance, and have afforded it, to point out where remedies were required, and to provide remedies—and they are not impossibility-men.

In conclusion, the author, advertng to the steps that have been taken, by Insolvent Acts, by raising the amount under which no arrest

could take place, and by alterations in the bankrupt laws—and the great stride that is in contemplation, by abolishing imprisonment for debt—towards the end he points to,—does not flinch from still maintaining his proposal that, “in a great variety of cases, simple contract debts, between forty shillings and one hundred pounds, shall not be recoverable by any suit or process whatsoever.”

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## CREDIT PERNICIOUS.

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CONSIDERABLE difficulty attends the introduction of any plan which may have an important operation in political economy. If perfectly *new* it is viewed with jealousy; for until a novel scheme is put to the test of experiment, though the good it will produce may be foreseen, yet ill results, of which it may at the same time be the parent, are not so readily anticipated. Supposing it to be new, and *simple* also, suspicions will arise that it would have been earlier promulgated, were it not encumbered with some insurmountable difficulty, or teeming with some inevitable evil, which would neutralize, or else overbalance, its good effects. In making the proposition, therefore, that in a great variety of cases, "simple contract debts between forty shillings and one hundred pounds shall not be recoverable by any suit or process whatsoever," I must bespeak patient examination of the observations that will be made to support it; and deprecate a hasty condemnation of the plan on the ground of either its powerful and extensive operation, its novelty, or its simplicity.

Our great political economists have unaccountably omitted to treat of credit at the length, and with the minuteness, to which the subject is surely entitled. It cannot be unimportant to the wealth, nor to the welfare, of a country, whether a considerable portion of its inhabitants, merely consumers, accustom themselves to pay for what they purchase, at a distant, rather than at the present, time. Such a practice *may* have some effect upon the price of provisions ; it *may* give spirit to commerce, or enfeeble it ; it *may* produce the former effect under some circumstances, and the latter under others ; lastly, it *may* tend much to increase the growth of individual prodigality and immorality. The possibility of such consequences one would have thought not unworthy the consideration of general economists. But the word *credit* is so seldom mentioned by any one of them, and when it is, then so loosely\*, that but little useful information on the subject of this particular inquiry, is, I fear, to be derived from their invaluable labours. Some auxiliary arguments, and those not feeble, may, however, be founded on their conclusions. There will not be space, within the limits to which it is intended to con-

\* Dr. Paley, in treating of the general and particular consequences of the actions of men, says, " The particular consequence of giving credit, is the loss of the goods sold, or money lent : the general, the nourishment of extravagance, dissipation, and vices of all kinds." Mor. and Polit. Phil. vol. i. p. 77.—And there is very little more on the subject of credit in the whole work.



fine this essay, for the examination of all those positions of the economists which may be quoted in favour of the proposition in question. For those who are versed in the science, or who are disposed to enter deeply into the present question, it will be unnecessary to make long extracts; they will refer to the works themselves. As to those who are not, it is presumed the argument will be convincing upon the face of it.

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Credit is that confidence of one individual in another, under the influence of which the former parts with goods, money, or other things of real or accepted value, upon condition of receiving a future compensation.

Credit is, under some circumstances, *necessary*, under others *convenient*, and, in the remaining cases neither necessary nor convenient.

Credit probably originated about the same time with the division of labour and the accumulation of stock. "In that rude state of society, in which there is no division of labour, in which exchanges are seldom made, and in which every man provides every thing for himself, it is not necessary that any stock should be accumulated, or stored up beforehand, in order to carry on the business of the society. Every man endeavours to supply by his own industry, his own occasional

wants as they occur—when he is hungry he goes to the forest to hunt, when his coat is worn out he clothes himself with the skin of the first large animal he kills, and when his hut begins to go to ruin, he repairs it as well as he can with the trees and turf that are nearest it.”\* In such a state credit is unknown. The stronger and more active may sometimes labour for the weak and sick, or spare to them a portion of their own acquisitions. The provident may assist those who have less foresight, in time of need, when the rigour of the season renders instant provision, except from a store, difficult or impossible. But these and similar assistances are rather acts of charity to be repaid in kind, when opportunity offers, than advances on credit.

When civilization commences, and men become acquainted with the comforts, as well as the necessities, of life, it is found convenient to divide labour. Individuals devote themselves to particular occupations; one becomes a smith, another a carpenter, and so on, as discoveries and improvements in the mechanical arts proceed. But while the smith is employed in his avocation he cannot go out to hunt for food, or clothing: he must therefore be supplied with those necessities by some one whose time is not engaged otherwise than in hunting. The latter affords the supply, upon condition of being re-

\* *Wealth of Nations*, vol. ii. p. 1.



paid with, or out of, the produce of the labour of the smith, which produce is not yet complete, and for the completion of which, the party affording the supply must wait. Here is an instance of credit, not, indeed, such as we see it now, but by the way of barter, and in its rudest and most simple form.

The hunter, the smith, and the carpenter will, however, soon learn to despise the ill-fashioned huts in which they dwell. They will build *houses*, and furnish them with every convenience which improvement can point out. The labour of each will become more valuable to him; he will make it as productive as possible; and in parting with his produce, he will stipulate to have a compensation beyond the value of that produce, for the risk he runs of losing it altogether, by the death, future incapacity, or improbity of the person to whom he entrusts it. He will also stipulate that the compensation for the whole shall be paid within a given time, a time in this stage of society rarely very distant.

Thus far we have supposed the society to confine its traffic to its own immediate neighbourhood. A superabundance of produce for which there is no demand in the neighbourhood, the result of a favourable soil or situation or some other fortuitous circumstance, now leads the

society to extend its connections. Goods are transported to distant parts of the same country, and a new necessity for credit arises. Either the seller must give credit to the buyer from the moment of parting with his goods, till the receipt of a return for them, or the buyer must trust the seller with the price until the goods come into his possession. The seller is usually considered the party most benefitted, and therefore it is the custom for that party, and not the buyer, to afford the credit. Credit thus assumes a more important shape. The transactions into which it enters are increased in magnitude, and itself becomes of longer duration. Instead of a small advance to a neighbour, of the provision for a day or something of as little value, to be paid for within a short period, a man now entrusts to the inhabitant of a distant district the produce of the labour of a long period perhaps, and of many labourers. He does this too with the certainty of not being recompensed till the goods have made their slow transit to the consignee; and the money, or the equivalent for money, has made its transit, almost, or perhaps quite as slow, back to the consignor. The seller considers the probity and wealth of the buyer, and the time within which the latter may conveniently discharge the debt; and binds him as far as he can, in honour at least, to do so on a given day. If the buyer require a time of

credit beyond the usual course of dealing, the seller will learn to sell that extended credit also, that is, to make a profit on it.

At last, trade with foreign countries renders it necessary for merchants to become thoroughly acquainted with the nature of credit; under what circumstances it ought to be afforded, at what price, and for what length of time. It is become universal and indispensable, and a subject of the highest importance.

Injudiciously given, credit not unfrequently brings ruin on him who receives, as well as on him who confers it. On the other hand, when well regulated it gives room for an extension of commerce which would be unattainable without it.

To keep commerce in a healthy and active state, the duration of credit should always be as short as possible. Its protraction increases risk, and, consequently, anxiety, which renders the minds of men less able to direct labour with the best effect. Add to this, the price of all commodities is increased by it. Whenever credit is sold, as it almost invariably is, the consumer ultimately pays the profit upon it. The price most favorable to general labour, of every commodity, is that which is nearest to the natural price, or a fair market price. In such a country as ours, a



very watchful eye should be kept upon the operations of credit. There is scarcely an individual, however humble his rank, who does not occasionally give and receive it. This must have *some* political effect, and that effect must be very general. It should therefore be ascertained whether it be good or evil.

In the foregoing sketch of the probable rise and progress of credit, no circumstances arise in which it does not appear to be necessary, indispensable without the intervention of agents. And if agents are employed, confidence, though of a different nature, must be reposed. Credit is, however, under other circumstances, not absolutely necessary, though highly convenient.

It is not necessary that an apothecary, for instance, should give credit; he may be paid for his attendance, as the physician is, on every visit; and every dose of medicine supplied by him may be paid for on delivery. But this practice would, it is evident, be somewhat troublesome. I know of no mode by which schoolmasters, who take pupils to board, can avoid giving credit. Their remuneration is, as to the boarding, like a rent, constantly growing due. Those of some other professions may, perhaps, be in the same predicament.

But to come to our immediate subject. There

are cases without number, in which credit is hourly given, where it is neither necessary, nor convenient, but most extensively and decidedly pernicious. If it be doubtful whether in some of these latter cases it is not *convenient*, in the most common acceptation of the word, it may yet be insisted that the quantity of evil it produces is by far greater than the quantity of good.

A large proportion of the population of England consists of salaried clerks, officers employed by government, and other stipendiaries, annuitants, and proprietors, whose incomes are small, and either without prospect of increase, or increasing slowly, and by no fixed degrees. Supposing one of these persons to have always in hand a sufficiency of money to purchase what he wants from time to time, until the next portion of his income is due and paid, there can be no necessity for his taking credit. For the present we can only presume the possession of this sufficiency; though the general power to possess it is scarcely doubtful. Such a person would experience no further inconvenience in the practice of paying ready money, than the trifling one of putting his hand into his pocket several times instead of once only. It may be said that credit would not be *convenient* to him; that is, that it would be more beneficial to him, and fitting for him, to pay ready money than to take credit. I

cannot imagine any plausible reason why persons of this class should pay at a future time rather than at the present : whether their expenditure equal their income or not, they make no use of any small sums they may have by them, beyond laying them out in commodities to be consumed by themselves and their families ; they do not put them out to interest ; but I can perceive most lamentable evils, and such as daily arise, springing from this prevalent practice.\*

\* We must be cautious not to put such persons upon the same footing with traders or merchants. “ The laws of England, *cautious of encouraging prodigality and extravagance*, allow the benefit of the bankrupt statutes *to none but actual traders* ; but as *trade* cannot be carried on without mutual credit, the contracting of debts to facilitate commerce, is not only justifiable, but necessary ; and if, by accidental calamities, a *merchant* or *trader* becomes incapable of discharging his debts, it is his misfortune and not his fault. To the misfortunes, therefore, of debtors, the law has given a compassionate remedy, but denied it to their faults ; since, at the same time that it provides for the security of commerce, by enacting that every trader may be declared a bankrupt, for the benefit of his creditors as well as himself, it has also, *to discourage extravagance*, declared that no one shall be capable of being made a bankrupt *but a trader* ; nor capable of receiving the full benefit of the statutes, but an honest trader.” Blackstone’s Comm. vol. ii. p. 474. “ Solon made a law that the Athenians should no longer seize the body for civil debts. This law is extremely good, with respect to the generality of *civil affairs* ; but there is sufficient reason for its not being observed in those of *commerce*. For as merchants are obliged to intrust large sums, frequently requiring payment of them within a very short time, and to pay money as well as receive it, there is a necessity that the debtor should punctually fulfil his engagement at the time prefixed ; and from hence it becomes necessary to lay a constraint on his person. In affairs relating to *common civil contracts*, the law ought not to permit the seizure of the person ; because the liberty of one citizen is of greater importance to the public than the ease or prosperity of another. But in conventions



At this present moment any individual may live at a cheaper rate than he could a few years ago. But, for a long series of years before, the value of money, or the price of commodities, had been continually fluctuating; the fluctuations tending upon the whole to the diminution of the former, and the enhancement of the latter. We may fairly presume, from former experience, that similar fluctuations of the like tendency will again take place. Now those of the class we have in view, are not always speculative judges of the diminution in the value of their incomes. No doubt many of them provide against probable changes; but however large we can admit the number of these to be, there are still enough of the improvident, ignorant, and uncalculating description, to deserve the attention of our legislators.—A man who retired from business twenty years ago, with a limited income, would, till very lately, have found, and will probably again, ere long, find it impossible to maintain himself, with the same income, in as much ease as he did then. The mischief is, such a man does not perceive that money is only the representative of what it will procure. He is still worth the same nominal income as when he retired, though, comparing what he can now procure for it, with what it would buy when he first completed it, he

derived *from commerce*, the law ought to consider the public prosperity as of greater importance than the liberty of a citizen; which however does not hinder the restrictions and limitations that humanity and good policy demand.” Montesquieu *Esp. de L.* vol. ii. b. 20. c. 14.

is in fact worth considerably less. But if he had twenty years ago, and ever since, been unable to obtain credit, he would have had no need of calculating powers. He never *could* have suffered his expenditure to exceed his revenue, without experiencing such deprivations as would, once for all, have taught him a lesson never to be forgotten. He would have been forced, under the severest penalties, to measure his expenses by his income. He would have been compelled either to return to business for the purpose of increasing his means with the advance of price, and cease to be a mere idle consumer, or to gratify his love of indolence at the expense of some conveniences. But by the facility with which credit is obtained, he is kept unaware of his danger. He has agreed with himself to live up to his income; he soon finds he has exceeded it. The next year he must retrench enough not only to pay for the excess of that preceding, but also to meet a further rise of price. He provides, however, only for the former necessity. It is unaccountable to him how the excess happened; and he is made no wiser by experience of the effect, because he still wants a knowledge of the cause. If his retrenchment be not fully sufficient, even for his limited view of the matter, he goes on from bad to worse, his finances become more and more embarrassed, he breaks in upon his capital, gradually consumes it, and finishes in want. Once more I admit there are many whose

habitual circumspection will guard them against this catastrophe; but the *possibility* of any becoming its victims should be prevented.

If one who has been for years engaged in trade, and who has been in the habit of calculating, may be thus deluded, how much do these need protection who have not that advantage? The fixed income of the retired tradesman, begins generally when he is advanced in years, when his family has ceased to increase, and when, but for the fluctuation of price, he may foresee the probable demand upon his means. But clerks in public offices, and others similarly circumstanced, usually begin their career young, with increasing families, and consequent increasing expenses, and under the additional disadvantage of that want of circumspection generally met with in youth. They are also too apt to rely upon some possible advance of salary, to enable them to make up for the excess of their expenditure; and consider it more efficient for that purpose than it proves to be when made. They proceed more rapidly to a state of distress than the retired tradesman. If one of them have prudence enough to confine his own wants within bounds, sickness, perhaps, or some other unforeseen cause of extra expense, or even the improvident contracting of debts by his family, upon his responsibility, would disconcert his scheme and embarrass him.



But besides those who are merely improvident or uncalculating, there are many with small and fixed incomes who are wilfully blind to the value of money, and squander what they have upon superfluities, supplying themselves with necessities upon credit. It has been a common practice, for several years, to place younger sons in government offices, which have abounded in situations where small salaries are given ; salaries commencing most usually at about eighty pounds per annum. These young men are generally so placed almost immediately upon leaving school. The hours which they are obliged to pass in business are but few, and they are left with much vacant time on their hands. They are fortunate if they are not compelled to associate daily with others who poison their minds with a relish for dress, expensive amusements, or sensual pleasures. Very strict economy is necessary to enable a youth to live comfortably, and wear a respectable appearance upon the salary before mentioned. A single act of dissipation will suffice to render his income unequal to his expenditure ; but he can save himself from temporary and salutary want by resorting to credit. Buoyed up with the prospect of the customary occasional advance of a ten pounds per annum, he shuts his eyes to the danger he is in, or drowns the remorse of the first act of imprudence in a repetition of it. It is quite unnecessary here to pursue the consequences of this mad conduct

further; they are sufficiently obvious. Nor can it be doubted that this course has been frequently run. One would willingly indulge in the belief that it is not general; but there are few who cannot bear testimony to individual cases such as is here described.

I cannot deny myself the pleasure of quoting an account of the system of domestic economy adopted by Mr. Peregrine Langton, uncle of Mr. Bennet Langton, the intimate friend and companion of Dr. Johnson. After dwelling upon the evils of unnecessary credit, this account, shewing what may be done by avoiding it, is particularly refreshing, and nothing can be more apt to our purpose. Well may it be said, "*Magnum vectigal parsimonia.*"

Mr. Langton's income was two hundred and eighteen pounds a year. His family consisted of a sister and a niece. The servants were two maids, and two men in livery. His common way of living, at his own table, was three or four dishes; the appurtenances to his table were neat and handsome; he frequently entertained company at dinner, and then his table was well served with as many dishes as were usual at the tables of the other gentlemen in the neighbourhood. His own appearance, as to clothes, was generally neat and plain. He had always a post chaise, and kept three horses. The tenth

part of his income was set apart for charity. He had always money by him for extraordinary expenses that might arise. Some money he put into the funds. He did not practise any extraordinary degree of parsimony, but took care that in his family there should be plenty without waste. Mr. Langton was enabled thus to render an income of small amount sufficient for his wants, and even comforts, by various means. "But the main particular," says Mr. Bennet Langton, who communicated the account to Mr. Boswell, Dr. Johnson's biographer, "that seems to have enabled him to do so much with his income, was, that he paid for every thing as soon as he had it, except, alone, what were current accounts, such as rent for his house, and servants' wages; and these he paid at the stated times with the utmost exactness. He gave notice to the tradesmen of the neighbouring market towns, that they should no longer have his custom, if they let any of his servants have anything without their paying for it. Thus he put it out of his power to commit those imprudences to which those are liable, that defer their payments by using their money some other way than where it ought to go. And whatever money he had by him, he knew that it was not demanded elsewhere, but that he might safely employ it as he pleased"

It is painful to return and pursue the mischievous consequences of unnecessarily taking credit.



The next evil which presents itself is the multiplication of petty lawsuits. In all cases where the sum sought to be recovered is small, the expenses of obtaining justice are lamentably large and disproportionate. In attempting the recovery of a debt of five pounds, the very first step, namely, the service of the process, costs one of the parties as much as half of the debt. The next stage of the proceedings carries the costs beyond the debt, and the debtor has his own costs to pay also. If the suit runs its full possible course, the debt does not bear the proportion of one-tenth to the whole costs. Even supposing the debt to be one hundred pounds, the sum expended in litigating it, is, at the very lowest, large beyond all reason and policy.

As to the *number* of actions *now* commenced annually for small sums I have not made inquiry; but I am able to state some particulars of actions instituted in *Middlesex alone* in 1793\*, which will shew that if their number be now less, even by one-half, than it was at that time, the evil under our immediate consideration is yet enormous.

In 1793 the number of *bailable* writs (writs on which the parties were to be arrested) issued in Middlesex was - 11,105

\* In the year 1792, a Committee of the House of Commons re-

Among these are not, of course, included the writs issued for sums under ten pounds, upon which there could be no arrest; and these *unbailable writs* as they are called, are computed to be as numerous as all the bailable writs.

Of the first-mentioned number of bailable writs, there were issued for debts under twenty pounds - 4,965

Of actions that went to execution, through *the most expensive part* of the proceedings at least in all cases, and in some through *all* the proceedings, there were debts under twenty pounds, no fewer than - - - - 753

In this number are not included those actions that were settled on the eve of issuing the execution.

At least half of these 753 executions were for debts under ten pounds, *viz.* 376

In the same year were issued bailable writs for debts of between twenty and thirty pounds - - - 1,878

ported that a woman had been imprisoned in one of the county gaols, *forty-five years* for a debt of *nineteen pounds*.

And executions for debts within the  
 same limits - - - - - 389

The number of actions now commenced is much reduced by the operations of various Insolvent Acts, by experience of their comparative inadequacy to effect the purpose of their institution, and by other causes. But yet a very large sum of money is still annually spent upon actions for the recovery of debts under one hundred pounds, the only part of which that can in general, even plausibly, be said to be well spent, is that which is applied to the increase of the revenue. The rest assists in the maintenance of the lowest members of the profession of the law; and of gaolers, bailiffs, brokers, and others, whose occupations are of such a nature, that we shall hardly feel disposed to retain an evil like this, for their benefit. Indeed the opposition which was manifested by many attorneys to a recent project for establishing cheap courts for the recovery of debts not exceeding fifteen pounds, would almost have warranted a suspicion that they mainly depended for their livelihood, upon actions for sums as small.\*

\* Mr. Montague relates a ludicrous instance of anxiety in an attorney, on a great diminution in the number of actions. "In November last, upon my return to London, I was informed by a very respectable attorney, that the Insolvent Debtor's Bill would be productive of incalculable evil. The riots by which this country was disgraced, and the prisons opened, in the year 1780, could not have produced a more



The mischievous consequences of this extensive and unnecessary litigation, are too obvious to require tracing out. The misery actions frequently heap upon the already miserable debtor, or perhaps upon the equally miserable creditor, or even, in many cases, upon both, surely demands prevention, if possible.

There is one bad concomitant of unnecessary credit, which I cannot refrain from noticing here. I mean the giving of bills of exchange by little dealers and professional men. Persons of these classes ought really to have nothing to do with bills of exchange. Bills have effect by the custom of merchants; and, without resorting to any learned research, I mean to say that by the word 'merchant,' was originally intended a character very different from either of those I speak of. We should not, even now in common parlance, describe a retail linen-draper or hosier, or a shoe-maker, still less a surveyor, an apothecary, or a solicitor, as a merchant. Among merchants, properly so called, a bill of exchange constitutes a contract to be inviolably observed. The real merchant, therefore, keeps a regular account of all his engagements of this description. His

earnest communication. Upon expressing my anxiety to know the cause of his alarm, he assured me that since the bill had been passed, there had not been so many writs issued by 6000, as had been issued in the same period of time in the preceding year."—*Inquiries respecting the Insolvent Debtor's Bill*, 1816.



credit, that is, his existence as a merchant, depends upon the scrupulous observance of them. But the retailer and the professional man, is frequently embarrassed by such dealings. He does not keep a clear account of the times at which the bills respectively become due; or he does not feel that his character in business stands upon them. They pass through several hands; an action, in case of dishonour, may be brought against every indorser, and the acceptor may be made, if he be able, to pay the costs of every action. There might at this moment be pointed out, an attorney who has arrived at great affluence, by collecting bills of this description, and bringing actions upon them. Many to whom he is known are in the practice of handing over to him doubtful bills, and bills passed to them by persons with whom they are immediately connected, and whom they do not like personally to sue; and, taking the amount of the bill from him, without becoming personally responsible for either that or the costs, they leave him to exercise his detestable practice: thus surrendering their consciences into the hands of a man whom honest society rejects.\* If an instance were to be cited of a bill drawn by a green-grocer upon a baker, and indorsed by two or three of the lowest description of working tradesmen, and that as many actions as the bill bore names were

\* Since the publication of the first edition, in 1823, the individual here alluded to, is dead.

brought upon it; the possibility of such an occurrence would hardly be credited. And yet cases as gross as this are possible, nay more, have existed.

If bills of exchange in general among these persons are bad, *accommodation bills* in particular are infinitely worse. They are the surest indications of ruin possible, in those who interchange them. Even among large dealers they are symptoms to be dreaded; but among the class we are speaking of, they are ruinous to absolute certainty, unless some fortuitous circumstance arises to defeat the tendency. Accommodation bills are so well understood, and so common, that it is wonderful some legislative measure has not long since been levelled at them.

By the practice of giving credit where it is not expedient, the prices of the necessities of life are raised\*, and kept higher than they ought to be.

Credit is sold, and a profit is made of it. The first importer, or producer, of the raw material

\* Puffendorff, in detailing the causes by which common price is raised or depressed, mentions credit as productive of the former effect. "Maxime autem potest et solet imputari illud lucrum cessans, aut crescens, quod ex pretii solutione dilata aut anticipata nascitur. Nam sane et dies est pars pretii, et plus est statim aliquid dare, quam post intervallum; quippe cum interim ex isto pretio aliud lucrum possit comparari."—*De Jure Nat. et Gent. lib. 5, cap. 1, sec. 10.*

charges a profit upon the credit he gives to the manufacturer, for which the consumer must ultimately pay. It may and commonly does happen that an article, before it is fit for its final market, either wholly or partially passes through many stages of improvement, and at each stage acquires an additional price from credit, and the profit upon credit. This is beyond all doubt highly disadvantageous to the consumer. It is true that I may now be thought to trespass upon necessary credit, credit for large sums, without which this country would never have attained the commercial importance which it possesses. But I have no such intention. Within the limits I propose for ready money transactions only, credit given without necessity, certainly operates prejudicially in the manner I have described.

It is well known that tradesmen commonly make an undue profit upon the credit they give to the ultimate consumer also; in plain terms, that they put an extravagant price on the goods upon which to some they give a long day of payment, while they do not proportionably diminish it to others who are more prompt. To put a familiar case. A. pays his tailor ready money, and for this the tailor allows him five per cent. But the tailor gives credit upon the average to the extent, in point of time, of something between a year and a half and two years: he makes, besides, bad debts; yet, after all, his



profits are, upon the whole, large. He takes a long credit from his draper, who also takes a profit upon that. His profit upon what he sells to A., besides the allowance of five per cent. discount for ready money, is rather more than twenty per cent. So that the ready money customer contributes to pay the draper's profit upon credit, that of the tailor, and the bad debts of the latter. The facility which the pretence of being obliged to give long credit, affords to the imposition of unfair prices, is indeed generally known and felt.

Dr. Johnson says, "He that once owes more than he can pay, is often obliged to bribe his creditor to patience by increasing his debt. Worse and worse commodities at a higher and higher price are forced upon him; he is impoverished by compulsive traffic; and at last overwhelmed in the common receptacles of misery by debts, which, without his own consent, were accumulated on his head." Whether imprisonment does or does not commonly result from *getting into a tradesman's books*, certain it is that the indebted customer, being by no means independent of his tradesman, is frequently, without any visible coercion, compelled to take more goods than he really wants, or goods of a worse quality\*, or at a higher price, than if he could

\* One who is not a bad judge of marketing, for catables at least,



previously pay his bill. The consumer who pays ready money, sometimes feels the ill consequences of improper credit in the badness of the article with which he is supplied by the manufacturer, who takes the raw material upon credit, and is forced to put up with such bad stuff as the wholesale dealer chooses to thrust upon him. The article of beer completely elucidates what is here advanced. Its high price and generally bad quality, in the metropolis, are undeniable; and the cause of the mischief is equally acknowledged. Very large fortunes have been made in the brewing trade, by a regular system of forcing credit upon the retailer; and indeed are still, notwithstanding the efforts that have been made to check the abuse. It is said also that some retail tradesmen, at the west end of the town, will not sell for ready money.

Adam Smith tells us (*Wealth of Nations*, i. 67), that in every society, the price of every commodity resolves into some one or other, or all, of three parts, namely, rent, wages, and profit: and, in every improved society, all the three enter, more or less, as component parts, into the price of the far greater part of commodities: and the economist illustrates this position with so much perspicuity, as to leave upon the mind conviction that it is correct. Now, of says, "The best rule for marketing is to pay ready money for every thing."—*Apicius Redivivus*, *Preface*, 41.

commodities sold upon credit, that part of the price which is made by credit, comes under the head, or denomination, or division, of *rent*. There is, in fact, a rent put upon the ready money price of the commodity sold upon credit, for the space of time intervening between the sale and the payment of that price : and this rent is paid at the same moment with that price. This rent ought to be proportioned to the time for which the credit is given, and, if the time of payment be punctually observed by the buyer, the rent may be calculated accurately. But owing to the prevailing practice of leaving the time of payment, in retail dealings, unfixed or unattended to, the rent becomes uncertain in its measure ; and of this uncertainty the seller takes an unfair advantage. Sometimes, upon book debts for retail commodities, where the time of payment is eventually unusually protracted, the rent is increased by a direct charge of interest. Between wholesale dealers and the retailers, the rent is frequently charged in advance, but redeemable in part by early payment of the price, a reduction being then made under the name of discount. In an essay intended to be popular, and the limits of which will not admit of a lengthened examination of the constituent parts of price, I feel reluctant to go further into the analysis ; but thus much will be easily understood, *viz.* that price is greatly enhanced by rent, or interest, or, in another word, by credit. The

rent is generally at a rate far exceeding the legal interest of money, that is, five per cent. per annum. The retailer, with due caution, seldom loses by paying it, because he can employ the money he would otherwise pay to the wholesale dealer, to greater advantage, than he would derive from so paying it. But to those who make no profitable use of their money, it is evident an advantage would be gained by payment simultaneous with purchase, because they would, or ought, to save in price all the rent. And even if, to pay ready money for their purchases, they were forced to borrow it at legal interest, they would gain, upon every purchase, the difference between five per cent. and that part of the price consisting of rent. Much might be quoted from the economists in support of this line of argument, but it is altogether unnecessary.

By these various means in which, taken together, credit affects the prices of necessary provisions, the poor man and the punctual man are made to suffer for the folly, weakness, or imprudence of those who are richer or less punctual: and the sellers are enabled, not by fair trading, but by a system very unconscientious though quite common, to accumulate fortunes which a healthy state of trade really would not admit of.



By raising the price of provisions, credit increases the price of labour, which circumstance is highly unfavourable to us in our trading with our own manufactures, and with foreign countries. The lower that part of the price which is created by labour, the cheaper we can afford to sell our manufactures to our neighbours. And not only is this an immediate advantage to us in enabling foreigners to consume more of our manufactured produce than they otherwise would; but they are less likely also to attempt to manufacture for themselves

It has now been fairly proved that the practice of giving credit for sums between forty shillings and one hundred pounds, is fraught with evil. "We have now learned that rashness and imprudence will not be deterred from taking credit; let us try whether fraud and avarice may be more easily restrained from giving it."\* "The end of all civil regulations is to secure private happiness from private malignity; to keep individuals from the power of one another."† The proposition with which we set out "that, in a great variety of cases, simple contract debts between forty shillings and one hundred pounds, shall not be recoverable by any suit or process whatsoever," offers an expedient *easily to restrain fraud and avarice from giving credit* within those limits (and out of those limits credit will do little harm)

\* Johnson.

† *Ib.*



and to keep (in this respect) *individuals from the power of one another.*

Restrictions should certainly not be laid upon trade without the greatest caution. "Perhaps," says Dr. Paley\*, "the only way in which the interposition of law is salutary in trade is in the *prevention of frauds.*" That is one of the main objects of our project, and *that* will be one of its surest effects if it is acted upon. "Civil liberty," says the same economist†, "is the not being restrained by any law, but what conduces in a greater degree to the public welfare." We are not without a precedent for an interposition of law in restraint of trade, in a manner something resembling that now proposed. The stat. 24 Geo. 2. c. 40. s. 12. enacts, "that no person, or persons, whatsoever, shall be intituled unto, or maintain, any cause, action, or suit, for, or recover, either in law or equity, any sum or sums of money, debt or demand whatsoever, for, or on account of, any spiritous liquors, unless such debts shall have really been, and *bonâ fide*, contracted at one time, to the amount of twenty shillings or upwards; nor shall any particular article or item in any account or demand for distilled spirituous liquor, be allowed or maintained, where the liquors delivered at one time and mentioned in such article, or item, shall not amount

\* Mor. and Polit. Phil. vol. ii. p. 402.

† Ibid. vol. ii. p. 164.

to the full value of twenty shillings, at the least, and that without fraud or covin; and where no part of the liquors so sold or delivered shall have been returned, or agreed to be returned, directly or indirectly." I quote the act thus fully because it affords, in some measure, a guide in framing an act for our present purpose. It goes on to say that if any retailer of spirituous liquors, with or without a licence, shall receive a pledge he shall forfeit forty shillings, and the owner may recover back the pledge, or the value of it, as if it had never been pledged. The object of the act appears from the preamble, which recites that "the immoderate drinking of spirituous liquors by persons of the meanest and lowest sort, had of late years increased to the great detriment of the health and morals of the common people."

The statute of limitations, that rendering invalid processes against ambassadors and their suites, and many others that could be mentioned, are restraints upon trade.

The laws have likewise particularly protected infants, married women, and some others, against improper credit.

So that our proposal should not be rejected merely as operating to restrain the natural right of every man to part with his property on credit

if he pleases, even for want of precedent. And if there were no precedent, there are abundance of sound opinions that the rights of every man individually are secondary to the weal of the community in general. The facility of obtaining credit is as injurious to many people as the facility of obtaining spirituous liquors is to others. Again there are many so rash and improvident that they require restraint, in this respect, as much as infants, or madmen, or natural fools. And, surely, it is better, in the first instance, to prevent, than merely to follow the disease, when it has taken hold, with palliatives in the shape of insolvent acts, acts of grace, acts restraining arrests, and acts mitigating the severity of the terms on which traders may avail themselves of the benefits of the bankrupt laws. And, after all, these measures are merely so many approaches, though very distant, to the destruction of credit in cases where it ought never to exist.

The next point for consideration is, whether there is any well founded objection to the measure.

The first difficulty that will naturally suggest itself is, that, supposing a law were now suddenly promulgated, making all sums, between forty shillings and one hundred pounds, not recoverable, those who receive their incomes at stated periods only, and are without ready money suffi-



cient to provide them necessities till the time of their next receipts coming round, would be unable to live unless they were supported by the bounty of others. If it were necessary to pass such an act *suddenly*, this might constitute an insurmountable difficulty. But it is not, and, in the first place, the act ought not to be made operative until a period sufficiently distant from its passing, to give ample time to each individual on whom it would operate, for saving and accumulating ready money enough to protect him from being inconvenienced by it. And, secondly, its operation should not at once be to the full extent proposed. Taking forty shillings as the lower limit, the higher should grow gradually from, perhaps, five pounds, up to the one hundred pounds. The most careless and indiscriminating man would thus be led by easy degrees to the necessity of watching his expenditure, and would accustom himself to keep by him sufficient ready money for procuring such articles as he could not dispense with, and the law would prevent his procuring on credit. These would at first be few: and they would increase in number so imperceptibly, that the transition from a credit system to a ready money system would scarcely produce any inconvenience or confusion; though its effects on the moral character of the community would, as I think, be incalculably beneficial.

It will perhaps be objected that, at all events,



some individual cases of inconvenience would arise from the adoption of this plan. But, without stopping to hear them detailed, it must be borne in mind that it is only upon debts of that class which are called simple contract debts, that the proposition bears. Therefore, no tradesman, where but a small capital is necessary, is altogether precluded from borrowing. He *may* borrow upon bond or other security under seal; and the expense, and even the solemnity, of the security will prevent his incurring debt hastily, and without the probable means of paying. Besides, if he can command credit for more than one hundred pounds, he may borrow without any expense; and the amount of the sum will render the lender circumspect in advancing his money. The borrower will also be carrying on a ready money trade, and therefore not be liable to suffer by bad debts. So that, in every point of view, the probability of repayment will be far greater than it is under the present system. Indeed, there would be much greater safety in lending to persons even out of trade, sums for necessary occasions, such as for advancing children, and for other family emergencies, than there is at present. There would be in general a more intimate acquaintance with the value of money, fewer examples of extravagance and dissipation, less of that want of determination to be punctual bordering closely upon dishonesty, less disposition to borrow upon trivial, or any other

than laudable and pressing, occasions, than now exist.

There are certain classes of debts which it might be necessary to except from the operation of the measure. Take for instances the cases of masters of vessels sailing to foreign countries, and carrying out with them small investments on their own account; and of certain debts contracted in the coal trade, other than those contracted by consumers. Credit in these cases is highly useful, though not absolutely necessary; but as the pre-eminence of this country, as a commercial nation, has been attained, and is preserved through credit of this description, care must be taken not to injure the credit usefully entering into real trade. The object of these pages is to arrest that spurious credit that infects transactions which cannot properly be called trading transactions, and, which spurious credit adds nothing to the prosperity of the country, and the destruction of which would take nothing from it.

It may be inquired what provision is to be made for such debts as it would be extremely inconvenient to pay as they grow due; such as those contracted with apothecaries, attorneys, schoolmasters, and others similarly circumstanced? To this it is answered, that though it may be difficult for a single individual to propose

satisfactory arrangements to meet the cases of all professions, yet a few men of judgment, possessed of sound practical knowledge, would be able to provide for each class of cases as it came under consideration. It would, however, be highly desirable that the ready money system should be adhered to, wherever circumstances would admit of it without an unreasonable degree of inconvenience. Wherever it could not, without so much inconvenience, be pursued, it should be approached as nearly as possible. If it should be found that the apothecary's charges (for instance) could not be paid from day to day, they should be made not recoverable, unless, after amounting to a certain sum, they were sued for within a certain short space of time. The great point is so to change the present system, as that the contracting of a debt and the discharge of it, shall form one idea; that it shall become habitual to consider a debt contracted, and a debt paid, as one and the same thing. At present there are too many chances of something happening, which may ultimately cancel the debt, either wholly or in part, without payment. Death, failure, fire, want of means to procure justice, the statute of limitations, will, I fear, pass in idea between contracting and paying. Indeed, some have been almost proverbial among tradesmen for not paying until compelled; which proves at once the propensity in buyers to look



at payment as doubtful, and the practice of sellers to convert credit into a source of undue profit.\* The skill and judgment of apothecaries and schoolmasters are among the things most necessary to heads of families, and at the same time the charges for them bear most heavily upon those of moderate and limited incomes. If, therefore, these cannot be put upon the same footing with other simple contract debts, any inconveniences, arising from the first operation of the proposed measure, would be diminished by their being made payable punctually only by the quarter or half-year. Rent and interest should be made payable with punctuality; that is to say, if not paid when due, and no steps taken within a given short time to enforce payment by course of law, they should not be recoverable. In short, this beneficial system should be insisted upon fully, wherever practi-

\* “Those who have made the laws, have apparently supposed that every deficiency of payment is the crime of the debtor. But the truth is, that the creditor always shares the act, and often more than shares the guilt, of improper trust. • It seldom happens that any man imprisons another but for debts which he suffered to be contracted in hope of advantage to himself, and for bargains in which he proportioned his profit to his own opinion of the hazard; and there is no reason why one should punish the other for a contract in which both concurred.”  
—*Johnson*.

“There are two capital faults in our laws with relation to civil debts. One is, that every man is presumed solvent. A presumption, in innumerable cases, directly against truth.”—*Burke's Address to the Electors of Bristol, in 1780*.



cable; and where not fully practicable, it should be imitated with the utmost possible closeness.

If it be objected that buyers and sellers would use their utmost endeavours to evade the act proposed, of course the only answer that can be given to the objection is, that the greatest ingenuity must be exerted, so plainly and fully to word clauses as that they shall meet every possible case. The debts coming within the intent and meaning of the act should be absolutely annihilated. They should not be capable of revival, as such debts are now, after the lapse of six years, or after bankruptcy, by a fresh promise; but should be treated as if they never had existed. Nay, even if paid, the amount should be, within any reasonable time, recoverable back by the party paying. Nor should any room for evasion, by breaking the debt into several items each under forty shillings, or throwing together several to make one amount of more than one hundred pounds, or by means of any deposit or pledge, be left. And as half measures are ever futile, and often dangerous, it might not be too much to inflict penalties upon buyers and sellers on credit against the meaning of the act.\* I would by no means leave it safe to suffer such debts to exist even

\* Peter the First, of Portugal, to prevent extravagance and the ruin of families, is said to have forbidden that credit should be given; and to have punished the second violation of his law with death.

as debts of honour. If the measure be good, nothing, within the wholesome spirit of our mode of legislation, should be neglected to render it effectual.

One objection would certainly be, that by diminishing the number of actions at law, the revenue would suffer in the article of stamps. To overthrow this objection we can only appeal to the opinions of all authors on political economy, who have any weight. The *balance* of the good and evil resulting from any piece of legislation, must be alone attended to.\* If this rule be observed, the objection will fall to the ground. Besides, it must be borne in mind that many such debts as are now usually only simple contract debts, would be made specialty debts, on which stamp duties to a greater amount than they now yield would be payable. And, moreover, individuals by being forced to regulate their expenditure, and to become rationally frugal, would bear a much greater degree of taxation than they can now sustain.

This objection, the diminution of the stamp revenue, was raised to Lord Redesdale's late bill for the institution of cheap courts for the recovery of debts under fifteen pounds. But it came from a quarter in which existed a strong motive

\* "The final view of all politics is to produce the greatest quantity of happiness in a given tract of country."—*Paley*.

of interest to oppose the bill. And if it had been disinterested, it certainly was not well-founded. Lotteries continue to be made a source of revenue; but it is difficult to conceive that evil can, upon the whole, be productive of good sufficient to outweigh it. Surely the portion of revenue derived from these pernicious sources might be advantageously raised by more wholesome means. At all events, before the objection in question be suffered to prevail, it ought to be shewn, by undeniable calculation, that the revenue accruing from actions for small sums is of vitally important amount, and cannot be fairly sought elsewhere.

I am not aware that any other objection, of even a plausible nature, can be urged against the proposed measure.

All that has been written against imprisonment for debt is entirely in favour of the present argument. All the Insolvent Acts, and acts in mitigation of the bankrupt laws, tend the same way. But why content ourselves with lopping the branches, while the parent stem, the very root may be destroyed?

There need exist no apprehension that this plan would prejudicially affect the great stream of mercantile credit, upon which the importance of England as a nation mainly rests. On the



contrary, that stream would run with a more clear and even current, if not disturbed by the polluted spring which custom has permitted to mix with it.

As to retail tradesmen, those who are not desirous to make an undue profit by violent risks would rejoice that all should be put upon a fair level, by being compelled to deal for ready money. Then would industry, integrity, and judgment, secure to the tradesman a fair remuneration for his labour; and be no longer superseded by scheming, speculation, and chance. Why is it that we now sometimes see an immoral and idle tradesman realizing money enough to enable him to revel in luxuries to an extent that would not have been believed a century ago; while his industrious, sober, and steady neighbour can hardly supply the absolute wants of his family? It is that this pernicious custom of employing credit where it is unnecessary, renders honesty, justice, and prudence, impediments rather than advantages.

Upon the whole, then, it has been shewn that credit for sums between forty shillings and one hundred pounds is in general mischievous; that it is productive of vice, want, and misery; and that it may easily be rendered innoxious, by a measure to which no well-founded objection exists.



## APPENDIX.

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EXTRACT FROM "THE TIMES" OF MAY 9, 1823.

PETITIONS for a repeal of the Insolvent Act, and some for a new act on different principles, being every day submitted to both houses of parliament, it would be desirable that the subject should receive a deeper consideration than has yet been bestowed upon it, and from a class of minds better qualified for the office than those to whom it has hitherto been almost exclusively intrusted. The great body of creditors are provoked at the facility with which insolvents procure their discharges under the existing law. Whereas the public, we conceive, have some ground for murmuring at the circumstances under which debtors are every day thrown into prison. These debtors exercise no coercion upon a man in trade, to constitute themselves his debtors. If there be eagerness—if there be importunity, it is more on the side of those who seek to sell their goods, than of those who take them on credit. The legislature, however, going to the root of things, ought not to put down the practice of giving credit (were it possible), but to check its tendency to the increase of improvidence on one side, and of insecurity on the other; and this two-fold object might, as it seems, be provided for without any extravagant or revolting innovations on the present system of our laws. We have seen a sensible pamphlet on the question, with the short title of "*Credit Pernicious.*" For the evil complained of, the author seems disposed to provide one remedy in which we cer-

tainly do not concur with him, to wit—that, except in certain cases, no simple contract, from 40s. to 100l. shall, after a given period, be recoverable by law. His next remedy we like better; it is this—that debts which it would be a general inconvenience to pay from day to day, such as to attornies, apothecaries, schoolmasters, rent, interest, &c. &c., shall not be recoverable except when sued for within a *short* and definite period; in other words, a further enforcement of the principle on which the statute of limitations has been founded. He gives other details into which we cannot enter. But undoubtedly, to produce a complete redress of the evils connected with the insolvent acts, it is indispensable to go to the origin of them, and to cut away whatever is exuberant in the system out of which they grow—namely, that of dealing on credit.

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EXTRACT FROM "THE SPECTATOR" OF APRIL 3, 1830.

### CREDIT.

WE despise the cant of those who, when the people call for the reform of a public abuse, will tell them to begin by reforming abuses that are private. It is a poor satisfaction to him who suffers under the consequences of government profligacy, to be told that, while the tax-gatherer is picking the one pocket, the swindler is picking the other. We are of opinion that the honest man should, as far as possible, be protected against both. But it does not result from this undeniable truth, that we must permit private wrong to remain unredressed, because there may be public wrongs which we cannot redress. We, therefore, owe no apology for pointing the attention of our readers to a system which works, we really

believe, more mischief in the course of the year, than the chancellor of the exchequer and all his *employés*—we mean the credit system. In laying down the principles of the “Cheap Clubs,” we dwelt at considerable length on the great injury which credit inflicts on the ready money customer, and we shall not recur to this part of the subject. What we wish at present to notice is, the injury it inflicts on the tradesman, and on the persons who take, as it is termed, *advantage* of it.

The ordinary credit (it is retail credit of which we speak) in times of sound business, used to be twelve months. The shopkeeper’s bills were paid when rendered. There might be a few that were more dilatory than their neighbours, but those were marked persons. Now, what was once the rule has been converted into the exception—the number of punctual payers is yearly diminishing, and the number of the dilatory increasing. Two or three years’ credit was formerly regarded as extraordinary; at present the two or three years are frequently lengthened into five or six; and even the prescriptive number of six is lengthened out by evasions of the law, and debts figure in the books of London tradesmen which are nominally of three or four years standing, but really of eight or nine. In all descriptions of business the same plan goes on. What will be thought of the economy of that household where the hatter’s bill amounts to two, three, or even five hundred pounds? What must have been the extravagance of the original charge, and the period of the accumulation, when so trifling an article of dress has swelled to such an amount? What must be the butcher’s, the baker’s, the tailor’s bill? So inveterate has the system of credit become—so utterly impossible does the tradesman find it to get from the hands of his debtor the amount of his legal claims—so certain



is he to lose *caste* by any attempt at realizing them through the medium of a court of justice—that expedients have been adopted for that purpose, which at the first mention of them, appear incredible. We have heard of a man worth forty or fifty thousand pounds failing for the half of these sums, in order that, by the means of a friendly assignee, he might compel a settlement under the bankrupt laws with the honourables and right honourables who figured in his books, and might start anew in the same pernicious course, after thus fitting himself by the recovery of his property for a competition with his wealthier rivals.

The first evil of this system is the carelessness that it generates in the public. Your cold and cautious people, whatever be the length of the credit given them, will take care from time to time to strike a balance between their debts and their means; but the great mass of mankind, though they may have a dim and hazy recollection of a multitude of items, will seldom hazard even a conjecture respecting their aggregate amount, till it stares them in the face in appalling and ruinous magnitude. The second evil is the enormous augmentation of price that it occasions. From the fluctuating nature of property, and the many accidents that affect it, the risk of recovering a debt increases in a much higher *ratio* than the mere number of years for which credit is given. If the risk of one year's credit be put down as 1, that of two years will be 2, of three years 4, of four years 8. The tradesman, however, is not minutely particular in his calculations; he adds fifty or sixty per cent. to the one year as well as to the four years,—prudently judging that, if the general balance be right, it matters little to him where the excess of the burden lies. Our country gentlemen are perpetually complaining of their difficulties—that they



pay as much as ever for all they purchase, and receive much less for what they sell. It is to the credit system they owe the continuance of the prices which they deprecate. So long as they continue to foster it by their practice, so long must they remain the thralls of men who are quite aware of their own power, and their customers' weakness, and ever on the alert to employ both to their own advantage. Such, then, are the evils the system inflicts on the public; it mightily augments the amount of a debt, and it holds out an almost irresistible temptation to incur it.

To the shopkeeper of moderate capital it is still more injurious. It is indeed not saying too much to affirm, that it will soon drive all such out of the market, or convert them into ready money traders. This last consequence we do not much regret; but, in the nature of things, ready money traders must always be limited to a certain class of buyers. It is impossible for many families to avoid getting into a tradesman's books. How is the smaller dealer to manage with such customers? He can neither give them goods at the same price as his cash neighbour, nor for the same indefinite time as his credit neighbour: his risk does not admit of the one, nor do his profits and capital admit of the other. Now this class of dealers is precisely that in whose preservation the public is most deeply interested. A large capital in the hands of a wholesale dealer, and in the hands of a retail dealer, operates in a very different way. In the former case it is expended in accelerating and augmenting the production of raw material, in the invention of machinery, the discovery of improved processes of manufacture,—all its tendencies, in a word, go to increase supply, and by consequence, to lower prices. In the latter case, it invariably augments prices; for, let the

competition of wealthy retailers be ever so great, no competition can lessen the risk to which each subjects himself by extending his credit; every additional hour *pro tanto* adds to it, and it would be most irrational to suppose that any man would hazard a handsome fortune (without a corresponding premium) merely to catch up a few of the stray customers of a rival in business. But, in reality, no system tends more directly to discourage competition,—not only because it wonderfully narrows the number of competitors, but by the shackles which it imposes on buyers. *The greater number of our gentry are so involved with their tradesmen, that they dare not quit them.* Sir John is the servant of his butcher, my Lord of his tailor; and senators who can boldly beard Mr. PEEL, or the conqueror of NAPOLEON, quail at the aspect of a STULTZ or a GIBLET.

We fear that a perfect remedy is not to be easily found for these evils. Cupidity may be restrained, but folly is incurable. You may bray a country gentleman in a mortar with his own wheat, and he will come out a country gentleman still. Something, however, in the way of palliation, may be attempted. In the first place, we would have the period of prescription shortened one half. He who cannot pay his debts in three years, will hardly pay them in six; and it is the smallest possible hardship to compel the tradesman to take steps for their recovery within such a time as shall afford reasonable hopes of it. To the greater number we know that nothing would be more acceptable than a fair and legitimate excuse for doing so,—such an excuse as would not expose them to the resentment of some swindling man of quality, whose custom they may despise, but against whose influence they find it difficult to guard. In the next place, we would allow interest on book debts, in the same way as

upon bills of exchange. We have the example of Scotland, where the recovery of debts is so much shorter and simpler than among ourselves, for both of these alterations in the existing law. In Scotland, not only is there a three years' prescription, but interest is chargeable on all debts from the day on which the customary credit terminates. The plan we propose, then, would be to allow from New-year's-day to Lady-day for payment *or challenge* of every account given in previous to the former, and to allow interest from Lady-day. We add, *or challenge*, because at present the tradesman is exposed to great and most uncalled-for trouble in proving his debt; and this trouble is tremendously augmented when five or six years have elapsed from the delivery of the articles.

It may be supposed that these regulations would make against the public; but in reality they would make for it, and in no small degree. The permission by statute to charge interest, would put an end to much, if not all, of that indefinite augmentation of price by which the tradesman now contrives to levy it without statute. The shortening of the prescription would diminish risk and the charges of risk, and increase prudence and vigilance both in the trader and customer; it would bring into the field, or continue there, numerous small capitalists, who are prevented from entering it, or who must soon leave it; and, lastly, the facility of proving debts would make suits more rare, and abridge their length and expense when they occurred.

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EXTRACT FROM "THE SPECTATOR" OF APRIL 10, 1830.

#### RETAIL CREDIT.

WE are glad to find that our observations on credit



have excited considerable attention: we have received more than one communication on the subject, and we are not displeased that they afford an apology for recurring again to a subject which is much misunderstood, and which in practice inflicts much evil on the great mass of the public, without a corresponding advantage to any part of it. We find that we are by no means the first who have endeavoured to expose its workings, or to suggest a remedy. Since the publication of our last number, a well-written pamphlet on the subject has been put into our hands, dated so far back as 1823. So strongly convinced was the very respectable writer, even then, of the evils of the credit system, that he proposed to put an end by statute to all credit under one hundred pounds—or, what was tantamount, to take away the power of suing for any less sum. Something approaching to this is provided in the bill at present before Parliament, in which summary arrest for debts below one hundred pounds is abolished, unless where a special case is made out before one of the judges. But we rather fear, if the disease was too far advanced in 1823, for so violent a remedy as the pamphlet proposes, it is absolutely hopeless to look for its adoption in 1830, when all the symptoms have been so greatly aggravated, that the most delicate alterative treatment is required.

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EXTRACT FROM "THE TIMES" OF OCTOBER 26, 1833.

IN connexion with the report on Commerce and Manufactures, and with the discussions which will naturally arise out of it, we think that the public attention might be advantageously directed to a little pamphlet which was published about ten years ago, with the startling title of "Credit Pernicious." It reflects some praise upon the



sagacity of the author, that he wrote two years before the wild schemes and ruinous calamities of 1825 could be adduced as proofs or illustrations of the general principle which it was his object to enforce, namely, that credit too easily and loosely given, or yielded for too long a time, is one of the worst evils which can afflict the community.

The difference between England and most parts of the continent is in this respect most striking, the rule abroad being ready money for every thing—at home every thing on credit. That exceptions may be found to both these rules is true; some individual foreigners may run in debt for articles of daily consumption, and some, though far, we fear, from the majority of Englishmen, may deal for money only; but none can blind themselves to the prominent fact, that the habit, derived from commercial transactions, of bargaining to-day, and paying this time twelvemonth, or at a period more distant still, has pervaded and diseased the whole system of our domestic economy, rendering us in all the details of private life, a nation of unblushing debtors.

The author of the pamphlet takes up for the theme of his animadversions both branches of this mischievous abuse; but with whatever cordiality we may agree with him in deploring its effects, our concurrence by no means reaches to his remedy, which, without the least allowance for those occasions on which a resort to credit even for petty sums might be safe for the lender, and for the borrower indispensable, would ingraft a monstrous innovation upon the law of England, and strike a severe blow at personal free agency, by proposing that, in a great variety of cases, “simple contract debts between 40s. and 100*l.* shall not be recoverable by any suit or process whatsoever.” We shall leave such a notable piece of legislation to be dis-

posed of by its own extravagance, and proceed to lay before the reader some extracts from the pamphlet. [Then follow extracts from the Pamphlet, pages 3, 7, 8, 9, 10, 11, 17, 18, 19].

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To the Editor of "The Times."

15, New Boswell Court,  
29th October, 1833.

SIR,

I am obliged by the manner in which you have in your paper of the 26th, spoken of my little pamphlet "Credit Pernicious," with regard to one of its objects, namely, exposure of the evils resulting from unnecessary credit; but I regret that you do not approve of the remedy it proposes.

If I stood alone in thinking that unnecessary credit in general ought to be checked by making a law that debts of certain kinds should not be recoverable by suit, I would not trouble you with any effort to displace your condemnation of my suggestion; but having consulted very many men, of all classes within my reach, and found the majority of them coinciding with me in my opinion, I hope I shall not be deemed pertinacious in shortly endeavouring to support it.

"Credit," as you yourself write, "too easily and loosely given, or yielded for too long a time, is *one of the worst evils* which can afflict the community." That being the case, it might not perhaps be too much to say, that in order to get rid of so great an evil, we ought not to hesitate to ingraft an innovation upon the law of England, nor even to "strike a severe blow at personal free agency." But in point of fact, the very thing proposed in the

pamphlet already exists in the law of England, with regard to infants, and for the very purpose of checking, with relation to them, the evils we have just recognized.

Now, if we admit that infants ought to be protected against themselves, and if we see that a great proportion of the adult community stands in need of just the same degree of protection, surely a proposal to give that protection in the same shape in which the law gives it to infants, is not extravagant. As to the restraint on personal free agency, I venture to think that notwithstanding such a law as I propose, no creditable man would find a difficulty in borrowing, upon the security of his honour alone, petty sums for emergencies. Such sums are daily lent, very generally, without any written acknowledgment. I have often lent from five to fifty pounds at a time, without taking any means to prove the loan, and I have never experienced any loss on that account. It would be safer, too, to lend such sums on honour, were indiscriminate unnecessary credit checked, than it is now. You will recollect, also, that the pamphlet aims only at simple contract debts.

Nothing, I am convinced, short of compulsion, will put a stop to the crying evil we perceive: a milder sort of compulsion than that which I have ventured to propose, I am unable to imagine. Practical men could modify it so as to render it very little inconvenient, and not at all injurious. If any other remedy, or any better remedy, be devised, I shall much esteem, and warmly thank, its promulgator.

I am, Sir,

Your obedient servant,

ARCHIBALD ROSSER.



EXTRACT FROM "THE MECHANICS' MAGAZINE,"  
OF NOVEMBER 2, 1833.

CREDIT PERNICIOUS.

WE advise all, who are in the practice of either giving or taking credit, to send to Hatchard's for a small pamphlet with the above title. It is several years since it was published, but has (unfortunately) as close an application to existing circumstances as if it had appeared only yesterday. \* \* \* The title of the production would lead one to infer that the author thought *all* "Credit Pernicious." The fact, however, is not so; for it is only to such credit as neither necessity calls for, nor prudence can approve, that he objects—admitting, unreservedly, that credit, "when well regulated, gives room for an extension of commerce which would be unattainable without it." The author would have indicated the purpose of his pamphlet better, had he entitled it "Abuse of Credit the Cause of Individual Suffering and Public Injury." The cases which he considers most signalised by this abuse, are those of persons with fixed and certain incomes, getting into tradesmen's books for articles of personal and household use. He protests that he "cannot imagine" (as neither can we) "any plausible reason why persons of this class should pay at a future time rather than at the present;" and expatiates, with great earnestness and ability, on the manifold evils to which this inconsiderate and vicious practice gives rise—causing to the individuals themselves, a constant accumulation of embarrassment and difficulty, terminated but too frequently by utter insolvency and ruin—and raising to the public at large the prices of all commodities, in an exact ratio to the losses sustained by tradesmen from their bad debts. We



regret that our limits do not permit of our illustrating these positions by some of the many shrewd observations by which they are enforced in the pages before us ; but this is of the less consequence, as we presume there are few, who take an active interest in the commercial welfare of their country, who will not speedily have recourse to the work itself.

While we thus cordially approve of all that the author has said of the abuse of credit, we must dissent entirely from the remedy which he proposes. He would have it enacted that "simple contract debts between forty shillings and one hundred pounds shall not be recoverable by any suit or process whatsoever ;" and would admit only of such exceptions as debts contracted with apothecaries, schoolmasters, and others, which grow from day to day, and cannot therefore be conveniently paid beforehand. Now, this is a remedy which would go, in some cases, as much beyond the evil as in others it would fall short of it. It would go beyond the evil, in every case of a manufacturer purchasing materials to be worked up into some article of sale, where the materials did not exceed one hundred pounds in value (which is probably the majority of cases) ; for credit under such circumstances is as needful and salutary as in any. And it would fall short of the evil, in not reaching the largest order of depredators on tradesmen, the debtors for hundreds and thousands. We must confess that we do not see, what the number of pounds or shillings involved in the matter, has to do with the question of credit at all. The small piece of iron which, converted into a watch-spring, is increased many thousand times in value, seems to us to be quite as fair a subject of credit, as the pack of cotton which sets a hundred spindles in motion. Neither can we imagine, how any other sort of fixed rule could be laid down, that would not as often scathe

the prudent and honest dealer, as the reckless and unprincipled debtor. The evil, in fact, appears to us to be one which is altogether beyond the reach of legislative regulation, and only to be effectually met by awakening the public mind, through the circulation of such tracts as that before us, to a full sense of the importance of confining credit to its legitimate uses. \* \* \*

The scheme would manifestly have the effect of cutting off entirely the most fruitful source, by far, of lawsuits.

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EXTRACT FROM "BELL'S NEW WEEKLY  
MESSENGER," OF NOVEMBER 10, 1833.

OUR attention has been drawn to a pamphlet, published ten years ago, of Mr. Archibald Rosser, with the title of "Credit Pernicious;" in which he ably advocates the abolition of arrest for debt. Some late commendations of it in the columns of *The Times* newspaper have again brought it before the public, accompanied by an additional two pages, comprising the comments upon it of the writer in *The Times*, and Mr. Rosser's reply to those comments. Amongst the author's proposals is one, that, in a great variety of cases, "simple contract debts between forty shillings and one hundred pounds shall not be recoverable by any suit or process whatever."—This proposition, says *The Times'* writer, would, "without the least allowance for those occasions on which a resort to credit, even for petty sums, might be safe for the lender, and for the borrower indispensable, ingraft a monstrous innovation upon the law of England, and strike a severe blow at personal free agency." To this (we must think) shallow

objecting, the author of the pamphlet replies, that, in order to get rid of so great an evil as that which arises from a wholesale credit-system—"we ought not to hesitate to ingraft an innovation upon the law of England, nor even to 'strike a severe blow at personal free agency.' But, in point of fact, the very thing proposed in the pamphlet already exists in the law of England, with regard to infants, and for the very purpose of checking, with relation to them, the evil we have just recognized. Now, if we admit that infants ought to be protected against themselves, and if we see that a great proportion of the adult community stands in need of just the same degree of protection, surely a proposal to give that protection in the same shape in which the law gives it to infants, is not extravagant? As to the restraint on 'personal free agency,' I venture to think, that, notwithstanding such a law as I propose, no creditable man would find a difficulty in borrowing, upon the security of his honour alone, petty sums for emergencies. Such sums are daily lent, very generally, without any written acknowledgment. It would be safer, too, to lend such sums on honour, were indiscriminate, unnecessary, credit checked, than it is now. You will recollect, also, that the pamphlet aims only at simple contract debts."

In this matter, we need scarcely say, that we think with Mr. Rosser. We are convinced that, if the law of arrest for debt were altogether abolished, the number of dishonest debtors and suffering creditors would be infinitely less than at present, while there would be no such monstrous social anomaly known, as an honest debtor writhing in the fangs of a merciless and persecuting, and, perhaps, knavish creditor. By an abolition of the law of arrest, it would be rogues and fools only that would suffer: sagacious and prudent tradesmen and others would



then only lend their capital and labour to men known to them as of fair character and repute ; and sure are we, that no set of men are so apprehensive of, and averse to, that blow at our present ruinous system of enormous credits (enormous we mean, comparatively, and with relation to the means of both borrower and lender) which would be struck by the abolition in question, than the impostors, both lending and borrowing, of the community. Their occupation would be gone. One, and that the greatest, incentive and facility to imposture, removed—the consciousness which the creditor has of his power of arrest, and the delusive security which he derives from that consciousness of which the rascally debtor knows well how to make his account—imposture must, of consequence, become more rare, as the caution that detects and prevents it, grows more on the alert and effective. One passage of the pamphlet in question, anticipatory of the beneficial results to trade which would be produced by the abolition of arrest, we cannot here deny ourselves the pleasure of quoting. “As to retail tradesmen,” excellently observes Mr. Rosser, “those who are not desirous to make an undue profit by violent risks would rejoice that all should be put upon a fair level, by being compelled to deal for ready money: Then would industry, integrity, and judgment, secure to the tradesman a fair remuneration for his labour ; and be no longer superseded by scheming, speculation, and chance. Why is it that we now sometimes see an immoral and idle tradesman realizing money enough to enable him to revel in luxuries, to an extent that would not have been believed a century ago ; while his industrious, sober, and steady neighbour can hardly supply the absolute wants of his family ? It is, that this pernicious custom of employing credit where it is unnecessary, renders honesty, justice, and prudence, impediments, rather than advantages.”



But the great and outcryng evil of the law of arrest is the premium which it holds forth to human hard-heartedness and cruelty: it encourages man to be a suspector, persecutor, and hater of man, and frequently renders the Christian in theory little better than a demon in practice. The continued existence of that law is utterly irreconcilable with that of the press, and the huge progress which the latter is unrestingly effecting for the mind and morality of the country. With ignorance must disappear the establishments of ignorance. We are fast tending towards the day when man shall disdain even to recollect that man was once prone to avenge his pocket upon his fellow man, by consigning him to despair and self-loathing in a dungeon; when for misfortune and misery there shall be neither fetters nor prisons; when the honest man shall walk erect and fearless of man, and none but villains live in terror at the name of the law.

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EXTRACT FROM "THE MORNING ADVERTISER"  
OF NOVEMBER 13, 1833.

A PAMPHLET has been republished by Hatchard, entitled "*Credit Pernicious*." The object of the republication would seem to be that of investing the writer with the character of a correct reasoner and true prophet, in predicting the injury resulting to the middle classes—tradesmen and consumers—from the system of giving and taking credit. There is much truth in the author's leading propositions, that the custom has produced many pernicious consequences in society. Individuals have been tempted, by the facilities offered to them, to incur debts which they are subsequently unable to pay—innumerable writs have been issued—heavy law expenses in-

curred, and prisons filled, in consequence of the postponing system thus encouraged. The tradesman has suffered in an equal proportion. Deluded by the anticipations of a larger profit, and trusting to the law of arrest to secure his claim finally, his books have been covered with claims and assets which have vanished into smoke in Whitecross-street or the Insolvent Court. And the public who *do pay* have also suffered, the scale of prices being universally raised by the tradesman's anxiety to cover the risk of trusting those who *do not*. Many inexperienced and well-meaning beginners in housekeeping, with incomes quite sufficient for every reasonable wish or legitimate necessity, are entrapped gradually into expenses beyond their means by the facility of obtaining credit. New wants, bad habits, and silly rivalries are often created and indulged, [which would otherwise have been unthought of, and in a social view were better suppressed. The means for exciting envy and uncharitableness, pampering self, or exciting other little passions are easily procured—the day of payment is distant. Thus bad proceeds to worse, the freeman slips gradually into bonds, and the silken meshes of the spider-web of credit at last close, in inextricable folds, on the fluttering victim. The debtor finds to his cost that he is obliged to bribe his creditor (once all smiles, now rigid) for longer delay, by increasing his debt and liabilities, or by taking worse goods at usurious prices. So far we may go along with the writer; but his intention of putting an end to all credit is perfectly chimerical. How could apothecaries, schoolmasters, landlords, attorneys, and several other professions and claimants, be paid in ready money? Again, if such a practice were attempted by retail tradesmen, with regard to their wholesale purchases, or enforced on their customers, trade would be encumbered and crippled to an extent to which its present unprofitableness would be

trifling. If inconsiderate credit be bad, our author's plan is not the rational mode of remedying its evils, either as regards the tradesman or the consumer. His plan is to render all debts contracted between forty shillings and one hundred pounds irrecoverable. The mere statement of so chimerical a proposal, is quite enough. It is true a bill (which will probably be carried) for preventing arrest under one hundred pounds, on mesne process, would be desirable; but not because it would destroy credit, as because it would tend to rest it on substantial security. After all, there never was a sounder commercial maxim than that of TURGOT—*Laissez faire*—suffer all bargains in trade between man and man to proceed without interference, and find their natural level. It is true that clerks, annuitants, and persons generally having fixed incomes, might purchase the greater portion of their domestic necessities with ready money, and advantageously; but the casualty of a sick-bed, and a consequent loss or suspension of income, would place them in a position to require temporary credit. Temporary credit has often saved the most thriving tradesman from irrecoverable destruction; and if the bubble year which followed the publication of the pamphlet in review, be triumphantly referred to, as attesting the truth of its logic, we are bound to say that the reference is not correct. The greater number of the failures which then occurred, resulted from a limitation of reciprocal confidence. Want of credit, rather than credit, was at the bottom of the evil. With these exceptions and limitations, the recommendation of the author to pay ready money in all cases where it is practicable, rather than take credit, will be found privately beneficial, while a stop to the multiplication of petty law-suits would be one of its public advantages. The striking effect of economical management in this way, is well set forth in the following domestic detail. [Quotations {from pages



15 and 16, containing the account of Mr. Peregrine Langton's system of domestic economy.]

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EXTRACT FROM "THE LEGAL OBSERVER" OF  
NOVEMBER 30, 1833.

PROPOSAL TO ABOLISH CREDIT FOR SUMS  
UNDER £100.

THE proposed abolition of imprisonment for debt, has naturally led to the consideration of the consequences which may be expected to arise, in regard to the domestic trade, if not the foreign commerce, of the country; and it appears, that one of the immediate effects of the abolition would be greatly to diminish the present extent of credit. A trader who believes that his customer can be compelled to pay his debt, not only by the seizure of his property, but his person, is induced to trust him more easily and extensively than if he possessed one of those remedies only; and whatever may be thought of the prudence of the trader, there can be no doubt that he very generally acts upon this notion. A change of the law in this respect would make him more cautious; he would require more reference as to character, would shorten the period of credit, and generally—in passing from one mode of dealing to another—would be apt to fall into the extreme of suspicion, as he now too often verges on imprudence. This feeling would obviously produce a serious effect on the community.

But then the advocates of the abolition of imprisonment boldly meet the difficulty, by saying, "Credit is pernicious: it may be true that some evils will arise from the change—we know that every change, however extensively



beneficial, is accompanied by some drawbacks—but in the long run the country will derive advantage.” The reply to which, of course, is, that, admitting the change will be ultimately good, the present generation (which endures quite enough from the mischiefs brought upon it by its predecessors), cannot be expected to make more large and immediate sacrifices than it already sustains, for the advantage of those which are to come. And before the alteration be agreed to, the apparent magnitude of the immediate evil must be reduced, and that of the future good increased. The burthen of proof, therefore, rests on the abolitionists.

Amongst the writers who maintain that credit is pernicious, we find Mr. Archibald Rosser, who, in a pamphlet bearing the name of his favourite doctrine, has argued the question with great earnestness, and morally (if not legally) with no little force. We are inclined to admit, that, in the large class of instances to which he refers, credit is pernicious both to the trader and the customer; and his pamphlet is an admirable lecture against the folly of running into debt. But our professional brethren will be hardly prepared to follow up the doctrine by a law which shall render “*simple contract debts between forty shillings and one hundred pounds, not recoverable by any suit or process whatever.*” Mr. Rosser urgently presses forward this proposition; and we have reason to believe that it has attracted some attention in high quarters: we do not expect, however, that the solicitor-general will embody the suggestion in his new bill; and, indeed, if they of “the opposite faction” be right, there will be no occasion to frame such a clause, for the bill will have the effect of destroying credit much more extensively than the writer before us has contended for.

Mr. Rosser sets out with noticing some passages of Paley's *Philosophy* (vol. i. p. 77) on credit, and Smith's *Wealth of Nations* (vol. ii. p. 1) on the different stages of society, when its increasing wants rendered a rude kind of credit necessary. The inferences to be drawn from the statements in this part of the work disprove, instead of establishing the proposition, that credit is pernicious. We agree, indeed, that "salaried clerks, officers employed by government, and other stipendiaries, annuitants, and proprietors," should not incur debts. They injure themselves by doing so, if they keep within their income, by paying more than they need; and they injure their creditors if they exceed it, because, at the best, there must be delay of payment.

But surely Mr. Rosser possesses too much experience and practical knowledge to recommend a law which should prevent tradesmen from recovering debts from these classes of persons only. The law must be general; it could not be limited to persons whose situations are liable to change, and whose salaries and incomes may at one time be derived from permanent, and at another from uncertain sources, or partly from each kind. A right of action might thus be maintained as to half the debt, and barred as to the rest; or a defence which was good to-day might be bad to-morrow. It appears, indeed, there are insuperable difficulties in the way of such an enactment.

After these general observations we must allow Mr. Rosser to speak for himself. We admit that credit is pernicious in most of the cases he states; but we contend that no law ought to be made of the nature he proposes. He maintains, however, that it is not inconsistent with

specimens of legislation already existing. For instance, he says—[Quotations from pages 29 and 30.]

The writer then proceeds to state and consider the objections to his scheme. [Pages 31, 32, 33, 34.]

Mr. Rosser, with no small degree of enthusiasm, anticipates the beneficial results of his plan; and we think the public is indebted to those who will take the trouble, like the present writer, of discussing the several bearings of the question of imprisonment for debt, which we think requires some modification, but certainly not a total overthrow, either by the sweeping measure of the solicitor-general, or the stoppage of credit for debts under one hundred pounds.

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EXTRACT FROM "THE ATLAS" OF DECEMBER 8,  
1833.

### CREDIT PERNICIOUS.

A PAMPHLET, exposing the ruinous consequences of the credit system in this country, and proposing, as a remedy, that simple contract debts between forty shillings and one hundred pounds, should not be recoverable by law. The arguments are true and just, but the remedy is alarming; and although the author says that he has consulted many persons of all classes within his reach, and that the majority coincided in his views, we suspect that the cure would be as bad as the disease, and that it would only open a new evil in our system. We believe it is a fact that the usury laws generated a spirit of extortion and fraud, and we think this remedy would have a similar effect. The pamphlet was originally published



in 1823, two years before the panic of 1825, and derives, from that circumstance, something of a prophetic character. A recent notice in a morning paper has induced the author to place it before the public again. It is well worth attention.

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EXTRACT FROM "THE COURIER" OF DECEMBER 9,  
1830.

### CREDIT.

As we know, and as we presume every man knows, that all banking is founded upon credit; the banker borrowing from the mass of the community, by substituting his written promises to pay for the gold he perhaps sends out of the country—the Bank of England not being exempt from the general rule, it borrowing from the whole people, while it lends a considerable sum to the government, as a security for payment, and being consequently the great debtor of the country—as we know that nine-tenths of the transactions of society are carried on by credit; the grower of cotton trusting the merchant, the merchant trusting the manufacturer, and the manufacturer trusting the wholesale dealer—we were not a little startled by lately having a pamphlet put into our hands, entitled "Credit Pernicious." The author must be, we immediately thought, some other St. Simon, prepared to demonstrate, that the present social system, which, by the by, the *Globe* of Tuesday night, very accurately said—

"Like the planetary one, moves forward in steady majesty, in utter carelessness of the *politicians*, magi, old women, and star-gazers, who speculate on its direction, and fondly imagine they can make it what they please"—



This author, we thought, must be one of those visionaries who pretend to demonstrate that the present social system is all wrong, and who fancy they can give it any impulse they please. We were in error; the author is a practical lawyer, who merely proposes that "in a great variety of cases, simple contract debts between forty shillings and one hundred pounds shall not be recoverable by any suit or process whatever." He adds, indeed—

"There are certain classes of debts which it might be necessary to except from the operation of the measure. Take for instances the cases of masters of vessels sailing to foreign countries, and carrying out with them small investments on their own account; and of certain debts contracted in the coal trade, other than those contracted by consumers. Credit in these cases is highly useful, though not absolutely necessary. The object of these pages is to arrest that spurious credit that infects transactions which cannot properly be called trading transactions, and which spurious credit adds nothing to the prosperity of the country, and the destruction of which would take nothing from it."

Spurious credit is a strange phrase; but, taking these limitations in the widest sense, the author's scheme seems to us shallow and impracticable. He evidently draws all his inferences from town life; we are not much acquainted with rural life, but we have seen a few instances of cases such as this. A man owns or hires from two to ten acres of land; he cultivates hops, or wheat, or cherries for the London market; the value of his crop varying from one hundred to five hundred pounds, but it is turned into money only once a year, about July, or September, or October; such a man

has to provide himself in the mean time with clothes, and has to keep his horse and cart and plough in order. Is he not to take credit with the smith for shoeing his horse, or mending his plough, or with the saddler, for a new collar for his horse, or with the wheelwright, for a new wheel to his cart, or with the shoe-maker for a new pair of boots, on the proper expectation that he will, when his crop is gathered, be able to pay; and if he do, and if he should, when his crop is carried to market and sold, refuse to pay those who have trusted him, is the law to deny them all remedy? The assertion would be most absurd, and the practice most dangerous. But, we believe, that a great mass of the debts incurred by the farmers, or the credit taken by them from Michaelmas to Michaelmas throughout the kingdom, is each one of less amount than the one hundred pounds which Mr. Rosser would deprive of all legal protection. He may say the farmers should pay in ready money. We will let him into a little secret. If the farmers, who are the owners of all the growing produce of the land, had ready money to pay all the simple contract debts which they incur from harvest to harvest, and if, without borrowing, they were enabled to pay the wages of all their workmen, then, as they own all the growing crops of the country, they would be under no immediate necessity to bring them to market to pay their debts. The advantages in relation to the consumer would be all on their side, and, instead of now being, as they are, in consequence of incurring these debts, a dependant class of men, and, as we suppose, Heaven intended them to be, they would have it in their power, particularly with a corn law, to starve the whole community. It is, therefore, completely impossible that the farmers should pay all the services they require in ready money; and thus Mr. Rosser's plan of legally exonerating them from the payment of such debts—if it

could be carried into execution, and their honesty were not far superior to the law—would have the effect of ruining the whole agricultural policy of the country.

He should remember also, that at present great exertions are making to give every labourer a rood of land. Should each one not be able to take credit for a spade by which the crop can be made ready? The rich and opulent would by this plan be able to borrow one hundred or one thousand pounds, but the labourer would not be able to borrow the price of a spade. We never heard of any scheme so well calculated to increase the inequality of property, and to add to the bonds and other instruments which would be the substitute for contract debts. Mr. Rosser has seen in this great town a few individuals ruined by credit, and having his whole mind filled by the near objects, he sees nothing of that immense mass of transactions which lie afar off in the rural and manufacturing districts; and, with a view of providing for the few cases of ruin which fall within his own vision, he would, in his remorseless ignorance, extinguish, by a general rule, nine-tenths of the productive industry of the country.

Mr. Rosser complains of the political economists for having failed to discuss at length the subject of credit, and he makes some extended remarks on it; but in our estimation, he is as ignorant of its origin as when he began. He talks about “fortuitous circumstances,” as if society were some chance production; but we may be assured when credit is so universal—being at once the foundation of all banking, and consequently of all paper money, and being essential to nine-tenths of the trade of the whole world—that it takes its origin in some natural circumstance “which influences the conduct of mankind at all times and places after a division of labour has been



commenced." This circumstance is, that all commodities are manufactured or produced in different portions of time. "From the period, for example, of beginning to prepare the ground for wheat in this country, till the harvest is gathered in, full eleven months elapse."—"To grind and sift the wheat, or to make flour into bread, may be done in a few hours."—"The labours, therefore," says the author we are quoting, "of the farmer, the miller, the baker, the engineer, the builder, the tailor, and of every class of workmen, are completed, or their respective commodities are prepared for sale and use in different times."

This great natural fact, that one man is by his labour hereafter to have the means of payment, though he does not now possess it, is the foundation of all credit; and it might easily be shewn, if this were the place for doing so, that to suppress credit between those whose productions are immediately ready for consumption and those who will hereafter have commodities, would be to suppress production, for in that case each one of these labourers would have no market for his produce beyond himself, and of course he would never manufacture for the purpose of exchange. There are some persons, such as publicans, bakers, and greengrocers, who, being generally paid in ready money, need credit only till the butt of beer, or the ton of potatoes, or the sack of flour, be sold; there are some persons whose whole incomes are paid daily and or weekly, and in whom consequently it would be wrong to take credit beyond the period of payment; there are others with fixed incomes, whose salaries are paid half-yearly or quarterly, and it would be very injurious to them if they were prevented from contracting debts by a law which would not allow those debts to be recovered. We will not, however, enter into the detail of this subject;

we admit that in many cases it is wrong to take credit—we admit there are many diversities in the subject, many cases in which trust is indispensable, others where it is unnecessary, and we, therefore, are satisfied that no general rule can meet them all. They must be left to individual discretion and discrimination, which are more likely to be weakened than strengthened by legislative interference. Mr. Rosser says, that great injury falls on the community by credit, but it always falls on individuals, and in nine cases out of ten the loss is the most appropriate punishment for carelessness which could be devised. Mr. Rosser, in our opinion, takes a most narrow and contracted view of this important subject; he is, as we have shewn, ignorant of the natural origin of credit, and of the natural laws which eternally influence it; and, therefore, he is, we presume, according to the general practice—for the most ignorant have always the fewest misgivings—the fitter to propose laws on the subject.

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EXTRACT FROM "THE COURIER" OF DECEMBER 14,  
1833.

### CREDIT PERNICIOUS.

To the Editor of "The Courier."

SIR,

"CREDIT Pernicious" is, if ever book or pamphlet was, certainly in respect to intention, and I am told in respect to execution also, entitled to be called unpretending. My profession is that of the law; one principal end of the pamphlet was to diminish litigation; the whole was evidently well meant. It had been kindly received by portions of the periodical press which have large claims on the public attention, and its author had

met with no reproach for its publication. These circumstances considered, one would have expected that ill nature itself could find no occasion for asperity. But there is no accounting for tastes. A writer in your paper of the 9th instant, has thought it consistent with good taste and good feeling to charge me, on account of "Credit Pernicious," in uncourteous terms, directly with ignorance, and in something more than insinuation, with presumption.

The public, however, have nothing to do with personal feelings in such matters, and I shall, therefore, leave your contributor to settle with himself, as he best may, the balance of the account of good taste, good nature, and candour, on the one hand, and unfairness, and uncalled-for vituperation, on the other.

I shall be bold enough to venture on a second edition of the pamphlet, to which I propose to add an Appendix containing all the public notices with which it has recently been favoured, and to open it with a preface, in which I shall endeavour to remove the objections which have been made to the alteration in the law of debtor and creditor, which I have taken the liberty to suggest. Without attempting, within the space you will probably be able to afford me, to answer the writer of the 9th, fully, allow me, in the mean time, to make an effort to shew that he judges hastily.

The evil the pamphlet holds up for examination is, you will recollect, unnecessary credit; credit given and taken in transactions in which it would be convenient, or not greatly inconvenient, that ready money should pass. The evil (I have prevailed so far) is admitted on all hands, even by your Correspondent himself, to exist, and to be



an evil of great magnitude. I attack no other species of credit. The writer in question launches at once into the widest field of credit, and he says that all banking is founded upon credit. If by "credit" he means belief of credibility, or trustworthiness, then I agree with him, but he must have seen that by the word "credit" I have always meant the postponement of the day of payment. The definition given at the very outset of the pamphlet is this :—"Credit is that confidence of one individual in another, under the influence of which the former parts with goods, money, or other things of real or accepted value, upon condition of receiving a future compensation." I hold it to be extremely disingenuous, in the face of this preliminary definition, and with a perfect knowledge of the whole scope and object of the pamphlet, to attempt to induce a belief that I aimed at any interference with the confidence reposed by depositors in their bankers. The paragraph with which your contributor opens his critique does not at all belong to the question, and, however formidable it may appear to those who have not read the pamphlet, those who have will at once see the paragraph is a mere flourish.

Your contributor asks, whether a man hiring from two to ten acres of land, who brings his produce to market only once a year, is not in the mean while to have credit with the farrier, the smith, and so on. But he here forgets the pamphlet proposes that the limits of exclusion of credit are forty shillings as the minimum, and one hundred pounds as the maximum; and that even those limits are proposed only by way of instance. I presume to think, still, that leaving credit open under forty shillings, the hirer of ten acres of land would get on very well without being able to obtain credit for any thing between that sum and one hundred pounds, in the form of simple contract. I have made inquiry of persons versed in agricultural habits

and necessities, and they assure me that it would be so, with a little of that foresight which I have desired to enforce on the community. "The great point," it is said in the pamphlet, "is so to change the present system, as that the contracting of a debt, and the discharge of it, shall form one idea; that it shall become habitual to consider a debt contracted, and a debt paid, as one and the same thing."

Your Correspondent lets me, as he says, into a little secret. "If the farmers," says he, "who are the owners of all the growing produce of the land, had ready money to pay all the simple contracts which they incur from harvest to harvest; and if, without borrowing, they were enabled to pay the wages of all their workmen, then, as they own all the growing crops of the country, they would be under no immediate necessity to bring them to market to pay their debts." Indeed? Whence then would their ready money for continuing their occupations come? As I propose only to slip forward the time of payment to the time of contracting the debt, instead of leaving it, as it now does, to linger behind, the necessity with them for raising money would remain the same. Farmers would, for your Correspondent's comfort, be just as dependent as they are now, and as he desires they should be; except that, which I suppose he cannot object to, they would be taught not to spend their money idly. And if the danger your Correspondent apprehends were realized, their landlords, or an alteration in the corn laws, would very soon bring them to reason.

Still keeping in the back ground that I do not object to, *e. g.*, credit for sums under forty shillings, the writer asks, very unfairly, "should each one (a labourer of a rood of land) not be able to take credit for a *spade* (!) by which the crop can be made ready!"

Your correspondent says of the author of the pamphlet, "He talks about 'fortuitous circumstances' as if society were some chance production"—and this for the purpose of imputing ignorance. Those who have not seen the pamphlet will hardly believe that the only paragraph in it, in which the phrase "fortuitous circumstances" occurs, is the following—"If bills of exchange in general among these persons (persons not engaged in trade) are bad, *accommodation bills* are infinitely worse. They are the surest indications of ruin possible in those who interchange them. Even among large dealers they are symptoms to be dreaded; but among the class we are speaking of, they are ruinous to absolute certainty; unless some *fortuitous circumstance* arises to defeat the tendency."

The writer observes, truly, that I say great injury falls on the community by credit, "but," he adds, "it always falls on individuals." I should like to know of what the community is composed, if not of individuals. And it is not the mere individual who trusts that suffers from the failure of the individual trusted, for we all know very well that the tradesman endeavours to make, and succeeds in making, his paying customers suffer for the loss he sustains by those who do not pay.

My letter must now, however, for I have trespassed greatly upon you, come to a conclusion. My object has been to shew, and I hope I have succeeded in it, that the writer of the article headed "Credit," in your paper of the 9th, is in reality a very harmless critic.

I am, Sir,

Your obedient servant,

Dec. 14, 1833.

ARCHIBALD ROSSER.



[After the foregoing letter had appeared in the paper to which it was addressed, I discovered, in revising the pamphlet for a second edition, that I had overlooked another passage in which the unlucky words, "fortuitous circumstance" occur. They will be found in part of the paragraph beginning at p. 5. "Thus far we have supposed the society to confine its traffic to its own immediate neighbourhood. A superabundance of produce for which there is no demand in the neighbourhood, the result of a favourable soil or situation, or some other fortuitous circumstance, now leads the society to extend its connections. Goods are transported to distant parts of the same country, and a new necessity for credit arises." This acknowledgment is due to the writer in the *Courier*; but I think he was not justified in making the use he did make of the words in question.—A. R.]

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EXTRACT FROM "THE GUARDIAN AND PUBLIC  
LEDGER" OF 27 JANUARY, 1834.

The undivided object of the political economy of the day is the accumulation of capital and its concentration in few hands, and concurrently therewith our commercial legislation has been influenced by a similar spirit. Nearly all our sumptuary laws have been directed not against the rich but against the poor, to keep those down who are down, to fetter industry, destroy credit, and blast the marketable value of character. To these ends the destruction of the banking system, an increasing ratio of duty upon stamps representing an enlarged credit in transactions, changes in the laws regulating contract debts and the relations of debtor and creditor, have largely contributed; the rights of property and the rights of in-

dividuals have equally been tampered with, as if in apparent fear lest a system, under favour of which the Barings, the Rothschilds, the Arkwrights, the Ricardos, have been the representatives of a virtual monopoly of wealth, should so far extend its baneful operations, as that we should become a whole nation of millionaires. The currency scheme, which it would almost appear that Ricardo advocated from the apprehension that aspirants from the same vulgar class of the community from which he dated his own rise, should come to interfere by shoals between the "wind and his nobility" of stock-jobbing money, effected a sweeping reduction of some twenty-five or thirty per cent. upon the real staple values of the country—land and the wages of labour—in lieu of four per cent. which he proved in his way, and pledged himself would be the whole possible range of the mischief; increasing of course to the holders of the fixed paper obligations and annuitants of the state—of which he and his order were the heaviest holders and creditors—the amount of values—the twenty five per cent.—fraudulently abstracted from the only real and substantial representatives of national wealth.

Supplementary to these achievements of political economy, have come in aid the speculations of a maudlin and sentimental philanthropy, weeping in fits over the exit of some atrocious Fauntleroy convicted of robbing orphans and widows defenceless; but viewing with unscalding eye the inch by inch starvation of tens of thousands of poor weaver-wretches at Colne or Huddersfield, with their miserable pittance of twopence per day, and their destructive toil of sixteen hours daily wrestle against sudden death by hunger; or, alike unmoved, regarding the able-bodied agricultural poor swarming to the parish board for their paltry allowance during one half of every

year, or degraded women excited to vice in order by the fruits to earn the bounty awarded by parish law, with which to drag on a life equally of want and immorality. This is the philanthropy which, instead of devising the facile remedies by simplification and economical reductions for charge for the enforcement of contract obligations, is cutting away the security of the creditor, lest the feelings of the debtor—too often fraudulent debtor—should be distressed by rough usage, or shocked with the mention of a prison. We do not deny that many really patriotic and benevolent minds have been seduced into these fantastic speculations of humanity-mongers, and among them Mr. Archibald Rosser, the author of a pamphlet published some years ago, under the title of “Credit Pernicious,” the second edition of which, fresh from the press\*, now lies before us.

The amiable enthusiasm of this gentlemen has carried him to the extent of proposing that “simple contract debts between forty shillings and one hundred pounds shall not be recoverable by any suit or process whatsoever.” The effect of so arbitrary and sweeping an enactment would manifestly be the extinction of all credit within the amount represented. Mr. Rosser intends it clearly as a measure of preventive police against the abuse of credit among certain classes of the community, who are always uppermost in his thoughts. He can discern little or nothing in society beyond “salaried clerks, officers employed by government, and other stipendiaries, annuitants and proprietors, whose incomes are small, and either without prospect of increase, or increasing slowly and by no fixed degrees.” These and such as these constitute, however, but a fraction of the nation, and granting

\* The proof sheets were sent to the editor.



the full force of the assumption that the majority of these are so reckless or imprudent as to require some special act of the legislature, by which, like infants or insane persons, they should be placed under tutelage, it would surely be a gross injustice to plant unoffending millions under the same ban as the hundred thousand fraudulent, or helpless, or miscalculating people. For the sake of moderating the exorbitant gains which the rich tradesman enforces from a needy customer—that is, a customer to whom rich or not credit is a convenience—Mr. Rosser would annihilate all credit to those most deserving of it, and he would erect a barrier to the progress of industry towards wealth. We will tell him how and why.

A very large proportion of the commercial transactions of the country—more especially of manufacturing—are composed of dealings within the range of the sums which Mr. Rosser would expunge from credit privilege. The total of home consumption alone, and without taking into account colonial and foreign trade which would in the main be little affected by the proposition, is estimated by Mr. Richmond at one hundred and seventy-five millions of pounds sterling; an amount however swelled by the infinite inter-trading through the endless ramifications of producers, dealers, brokers, merchants, shopkeepers, &c.—in short, from production to consumption—to a bulk of value defying calculation. A vast proportion of these dealings, the probable amount of which it is not necessary to guess at, is represented by quantities less than one hundred pounds, and of these again, an immense majority are credit transactions, or transactions in which character stands in lieu of capital. This is the mass of industry with which Mr. Rosser would deal at one fell swoop; he would irretrievably ruin the innumerable interests and persons comprised in them. He may consider

the evil one of transition only, and that the capitalist would step in to supply the void thus occasioned by "credit pernicious." But then the startling difficulty presents itself of a new revolution in the currency. There exists at present a circulation in the shape of bills of exchange from ten pounds to one hundred pounds, at dates varying from ten days to three and even six months, to the amount of millions, and there are open credits in trader's books besides to the amount of many millions more. This medium of exchange being upon the new principle destroyed, how would Mr. Rosser replace it?

The open credits in London are usually redeemed in cash, but in the country, and especially in the trading parts, they are after all paid in bills of exchange, there being a double credit in sales, as for instance, goods being sold at two months open credit to be paid for on the expiration of the term by a bill or acceptance at three months. Gold and silver are out of the question, for even if the mines of Mexico, Brazil, and the Ural could be made more productive, values of some sort must be given for them, and an increase of our means for that purpose would avail little against exclusive tariffs or prohibitions. The bank will not extend its issues except upon deposit of convertible securities, and it has not yet entered upon the pawnbroker's department, by lending upon cottons and woollens. Mr. Rosser imagines, perhaps, that, as these small bills are paid at maturity in notes or gold, that it is a question of time alone, the money representatives being always there. But there is such a place as a clearing house, where millions of value are exchanged and yet the differences balanced with a hundred thousand pounds' worth of bank notes. The country bills are in this manner paid in the metropolis; when paid in the place where drawn they are still for the most part liqui-

dated by bankers' notes payable in London. One great evil under which the country now labours, is a currency notoriously inadequate to the enormous bulk of trading operations. Mr. Rosser would narrow it still more, unless he is prepared with a substitute certainly not hinted at in his pamphlet.

We are taking it for granted that he would not destroy the small traders; that he seeks not to exterminate all the links connecting the overgrown capitalist with the consumer, and upon the ruin of intermediate interest divide society into two classes only, the direct and rich producer and the consumer. If no man were allowed the benefit of credit who could not command it for more than one hundred pounds, it is clear that we should make a rapid stride towards this division into two castes—the very rich and the very poor. Bills of exchange above one hundred pounds would circulate to an amount and supply the loss of the smaller bills, and open credit in the metropolis legalized only above such an amount would extinguish the race of small shopkeepers and small dealers for the use and behoof of the rich. Morrison and the race of capitalists and economists would make their millions into tens of millions, and the whole race of small traders from Whitechapel to Hyde Park become extinguished. This would be the fate of the metropolis, and such also the fate of the like class in the nation at large. The monopoly of capital is onerous and oppressive enough already, but by the process of Mr. Rosser it would become intolerable.

This is the general view of the proposition and of its immediate consequences. The more disastrous result would be its effect morally upon national character. Under all the oppression of overwhelming capital, so



much of late years enhanced by a false economical legislation, the operative and the small trader have still a chance, trifling though it be, to raise themselves in the social scale by the exertion of industry and the influence of character. But Mr. Rosser would cut the ground from beneath them for ever; for if "credit" be "pernicious," character, of which credit is the representative, must become almost valueless—and why? Let us take the case of a skilful, sober, and industrious operative, a cloth dresser or a cotton weaver. Upon the strength of his character although known to possess no capital he may obtain credit—take the latter for example—from the machine-maker for a few power looms with which to stock a room in a factory where power is easy to be hired at a rental. From the cotton-dealer he can obtain one hundred pounds' worth of raw cotton, or from the cotton spinner as much warp and weft, but the credit is limited within that amount; generally speaking, in such a case it would be limited to less. With these aids, although paying to his creditors ten per cent. for the accommodation, upon the understanding that credit and risk must have their fair remuneration, he is enabled through the united force of his skill and industry to undersell the great capitalist, and still make a living profit, fulfil his obligations and lay by something—because if the capitalist, Marshal or Phillips, buys his cotton ten per cent. cheaper, he saves by his personal labour and superintendence twenty-five per cent. in wages, and can live more economically. Now the effect of Mr. Rosser's law declaratory that "credit is pernicious," would destroy for ever the chance of so praiseworthy a mechanic; and taking away the motive for action, for laudable ambition, and the hope of reaching a station he feels himself qualified to fulfil with respectability, and others deem him fitted to adorn, he loses at once the chief incentive to self respect and to the acqui-

sition or preservation of character—he sinks into the serf or the slave whose lot in this world being inevitably cast, he resigns himself to it with the apathy of despair, or endeavours to drown the remembrance of it in the temporary excitements of deleterious liquors. The same may be said even of men in the ranks of clerks or salaried agents, rescued oftentimes from utter ruin, or elevated to the highest mercantile honours, by an extension of credit in some crisis of fortune, yielded only upon the strength and reputation which character must always more or less command. This is the lesser view—these are the details of every day life—whose consideration we recommend to Mr. Rosser. We have not only generalized upon his theory, but presented him with details to illustrate its practical working if ever brought into operation. We tell him the result would be, were his intentions, benevolently as they are propounded, unfortunately realized, that England would be converted like Poland into a land of Serfs and monied Palatines, where, as to rise would be impracticable, the population must still further be degraded even to the condition of the brutes that perish. Instead of narrowing his glance to the abuses of credit, as between clerks, small annuitants, and rich shopkeepers, we advise him to take into his mind's grasp the varied intricate and extensive wants and interests of society at large ; in proportion as he travels among these, new lights will dawn upon him, and more beneficent projects for the amelioration of his kind. The due diffusion and dispersion of wealth, and the means of acquiring wealth, are the wants of society, and not accelerated means of its accumulation in the hands of a few. The taskmasters are already cruel enough—the hewers of wood and drawers of water, the sojourners in the land of bondage, are already too numerous under the iron rule of the Pharaoh of political economy. A wise legislation will rather seek

to facilitate a more equal division of wealth than to concentrate its hoards and augment its accumulation in the hands of overlaying monopolists, wherewith to grind down the poor still further. How capital is now abused we need only look to the great manufactories of Leeds, and the state of the infant poor.

Nothing can well be more absurd than the views which some of Mr. Rosser's critics take of the relative operations of money in the hands of a rich manufacturer and a rich shopkeeper; the monopoly of both inevitably and equally tend to the same point—the stimulus of the producing power; the difference is, that the one is the more proximate agent than the other. Equally false is the assertion that on the Continent there are no credit accounts. With the shopkeepers of Paris it may, to a considerable extent, hold good; but the trading and manufacturing interests throughout France are based upon a system, as here, of open and bill of exchange credits. It is silly in people to reason from their own limited experience of dealing with a butcher, or dabbling with a silk mercer for silks and laces for family consumption.

To resume: Mr. Rosser must see, we think, that the multiplied transactions of the country cannot be carried on without credit; that the currency would again be revolutionized by the extinction of bills of exchange under one hundred pounds; that the moral character of the people would be degraded if credit for small amounts were annihilated; and that faith would no longer be attached to and elevate character, if legal responsibility or obligation were destroyed. We shall rejoice to see his powers and his unquestionable benevolence applied to a more enlarged consideration of his subject.



EXTRACT FROM "THE MORNING HERALD" OF  
JANUARY 28, 1834.

It is the general opinion that during the next Session another attempt will be made to introduce a Bill into Parliament for the repeal of that law which permits arrests for debt under mesne process: at any rate the public expects that some amelioration of this odious law will be adopted. We are convinced that if this great good were effected it would tend to diminish the number of dishonest debtors, and, by a parity of reasoning, lessen the amount of cheated creditors. It would also so wholesomely check that unbounded system of credit from tradesmen towards persons in private life, who only force their goods upon their unfortunate, and perhaps imprudent, debtor, merely from the reliance they place in the monstrous and unnatural power which the creditor now enjoys over the liberty of the debtor. By an abolition of this law rogues and fools only would suffer; the honest debtor would no longer writhe under the power of a merciless creditor and the low harpies of the law, who, in nine cases out of ten, fatten upon the miseries of the unfortunate. The sense of oppression would then no longer change the honest spirit of the debtor; a prison and its foul lessons would not deprive him of the means or the inclination to struggle against his misfortunes. An honest man is not easily converted into a rogue; but the rogue is never converted to honesty by the associations of a prison.

We have been induced to make these remarks in consequence of having received the proof copy of a second edition of a pamphlet, entitled "Credit Pernicious," and which was originally published by Hatchard some ten years since. During the past year it excited some

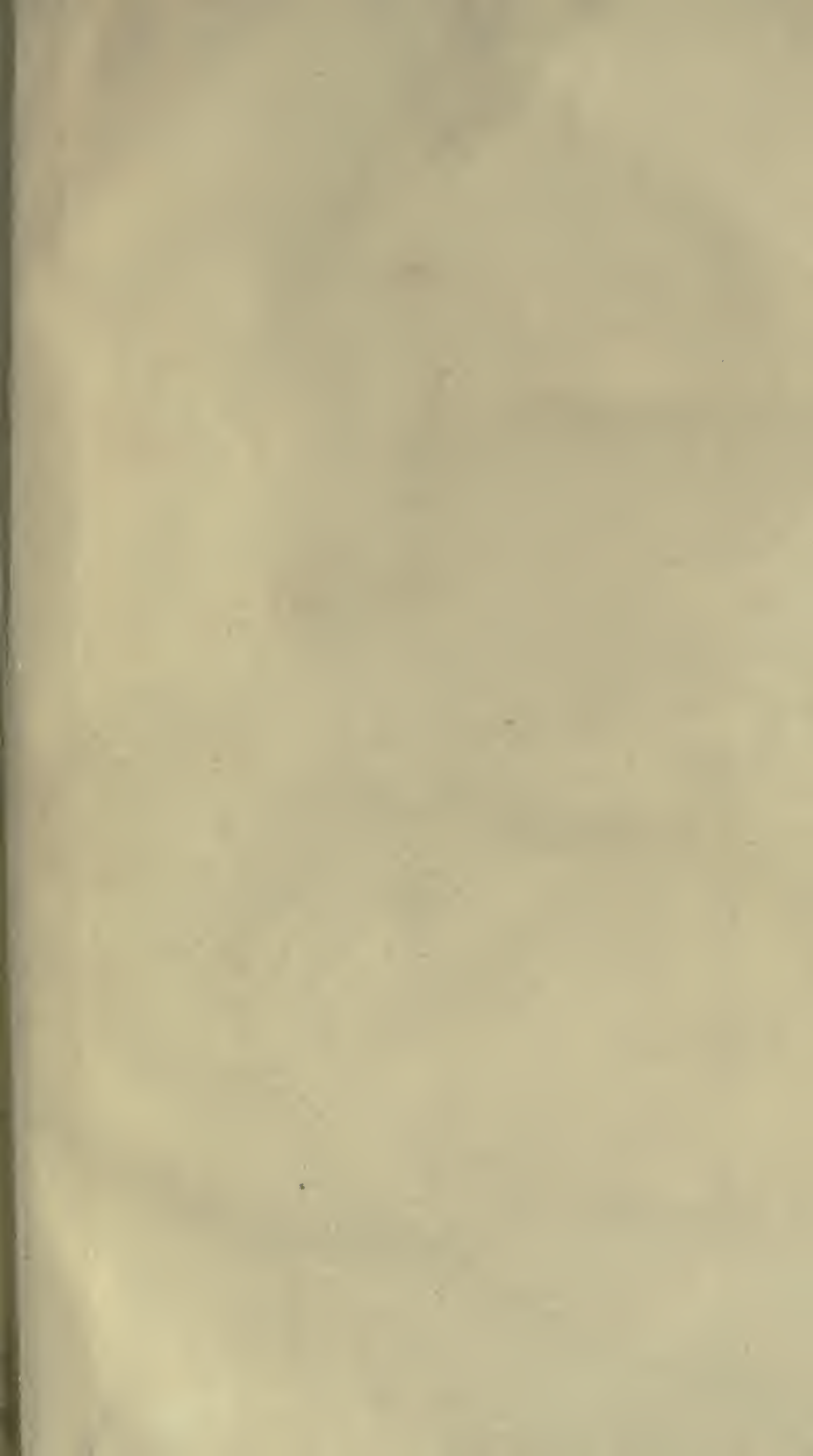
discussion amongst our contemporaries, which we think will by no means be diminished. This pamphlet merits a serious perusal; it contains sound lessons for the improvident, and that description of tradesmen, who, for the sake and prospect of enormous profits, pander to the wanton extravagance of fools, an instance of which was strongly marked last week, in an action brought by a Cambridge tradesman in the sheriff's court against a young peer, for luxuries supplied during his minority. This case (*Bacon v. Louth*) has its parallel in thousands of similar instances. But to return to the pamphlet before us (which we admit does the worthy enthusiast much credit, and whose reasoning has been considered just by high authorities), we are rather startled by the proposition with which he sets out, and which is, "that, in a great variety of cases, simple contract debts between forty shillings and one hundred pounds shall not be recoverable by any suit or process whatever." The arguments are true and just, and the author ably attempts to enforce their power by citing the opinions of Paley, Adam Smith, and Johnson. But the remedy, nevertheless, is truly alarming; it will require an infinity of care and penetration to apply the broad principle of Mr. Rosser's proposition to the present state of society. We admit that credit to certain classes is most pernicious, particularly to salaried clerks, government servants, stipendiaries, and the lower classes, especially the credit of the tavern and the gin-shop; but we must not forget that credit is the life and soul of British commerce. Yet we must draw a distinct line between the injurious and reckless credit given to private individuals and that just and necessary credit which is essential to the operations of the merchant, the banker, the manufacturer, the mariner, and the agriculturist. This must not be tampered with. When we contemplate the mighty and complicated structure of the

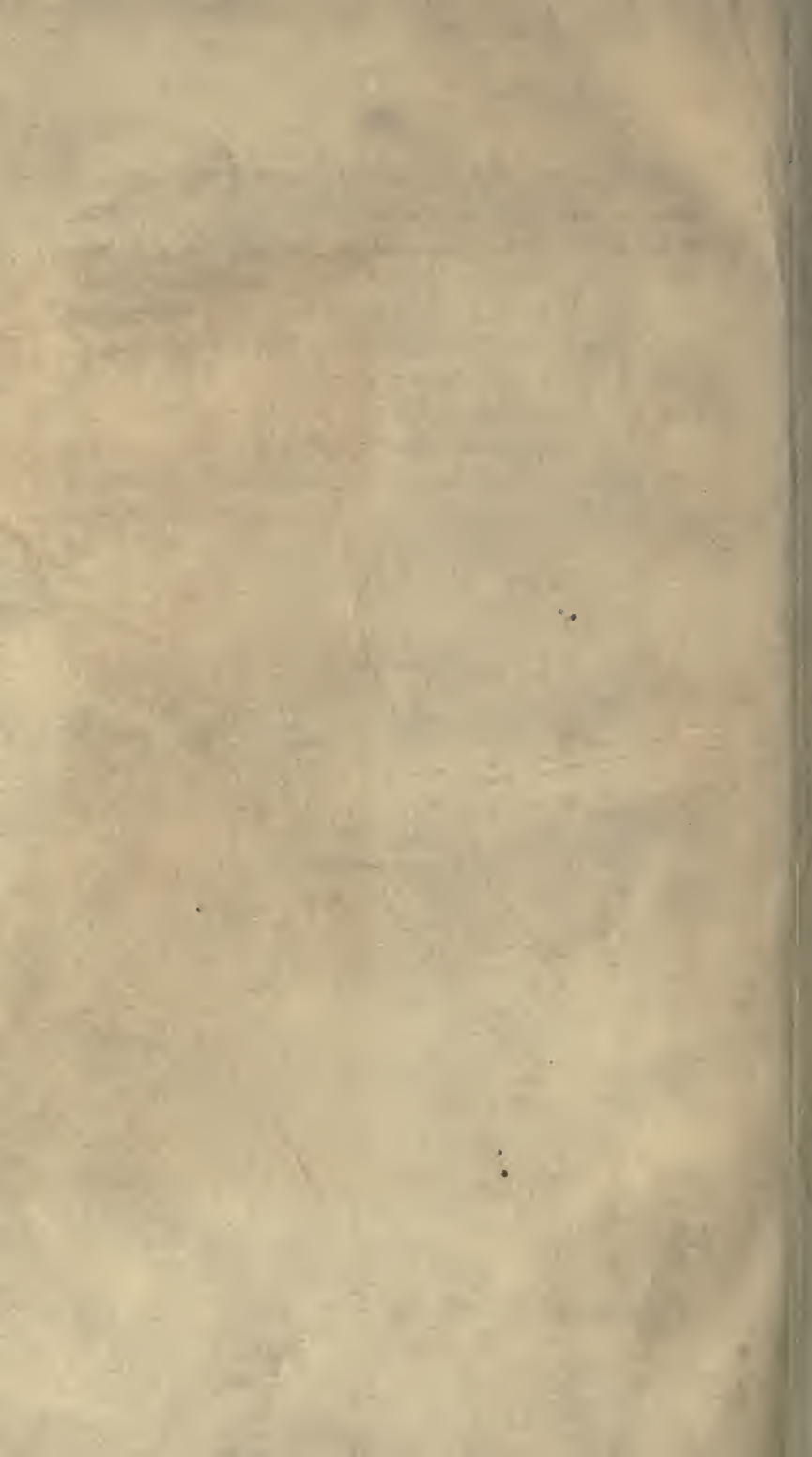
national credit—that power which enabled Great Britain to stem the torrent of the revolutionary war, and which maintained our fleets so many years upon the seas, and eventually carried our victorious armies to the plains of Waterloo—when we reflect that by a refined system of credit only the British merchant is still enabled to compete with foreign rivals, we cannot countenance any plan that will affect the superstructure of commercial credit. The republication of this pamphlet will, however, do much good; it will revive discussion upon the law of debtor and creditor, which wants some modification, and we shall hail the time with satisfaction when, excepting in cases of fraud and dishonesty, no man shall have power over the liberty of his fellow.

THE END.

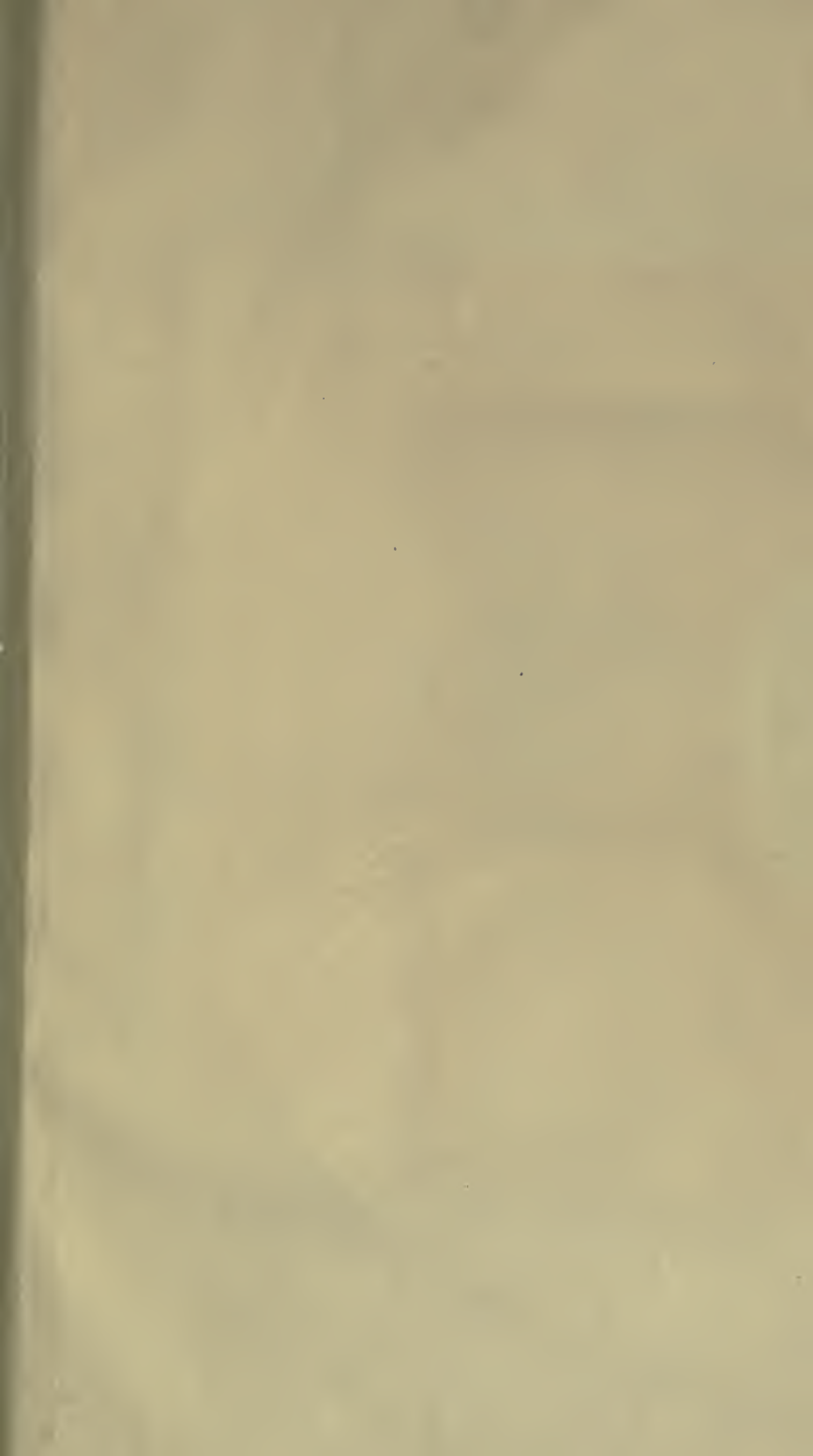


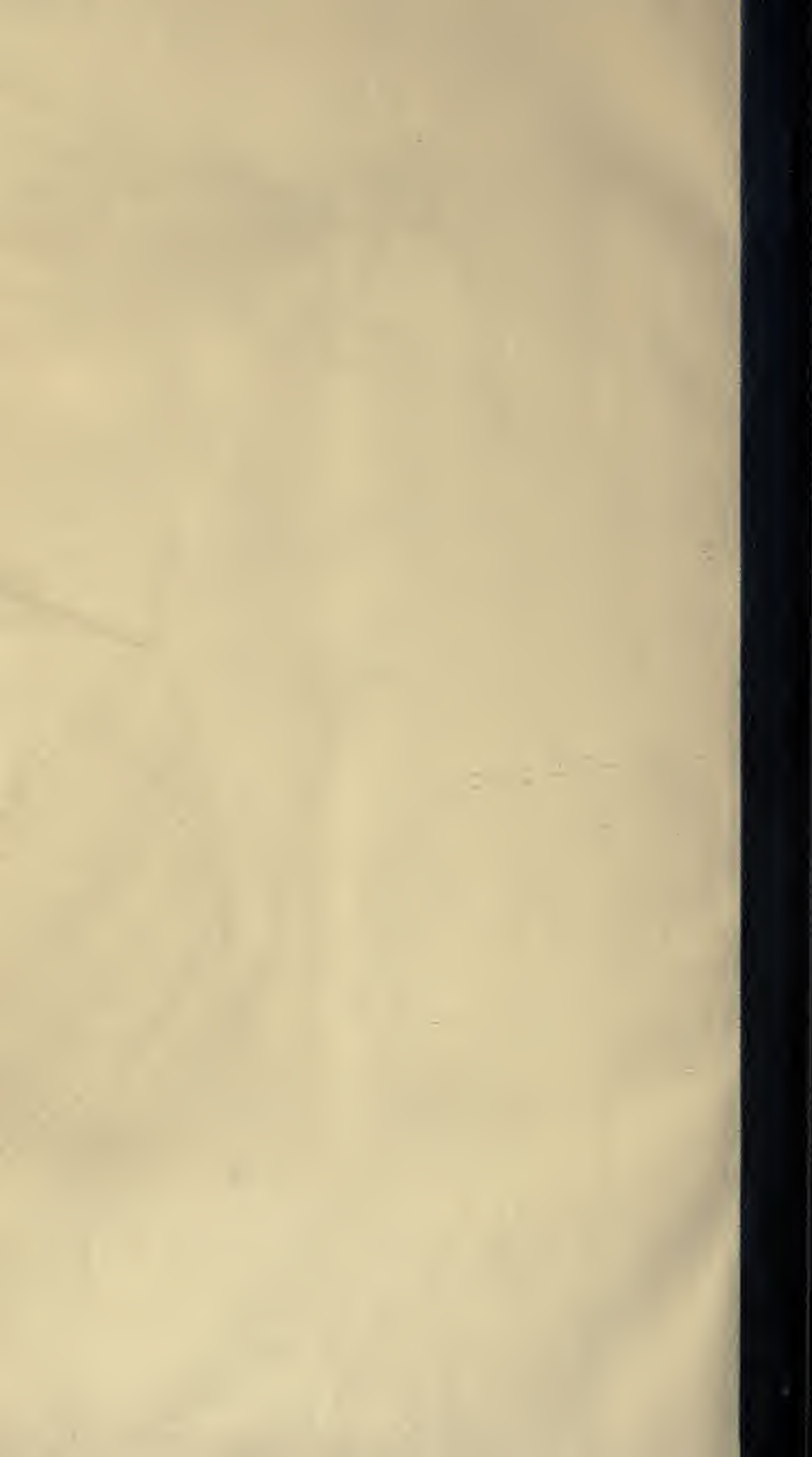












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